

SECURITY AGREEMENT

THIS SECURITY AGREEMENT ("Security Agreement"), made as of _____, by and between **THREE ANGELS BROADCASTING NETWORK, INC.**, an Illinois not-for-profit corporation (the "Lender"), and **CHURCHILL MEDIA III, LLC**, an Oregon limited liability company ("Grantor").

WITNESSETH:

This Security Agreement is entered into by the parties in connection with a loan made from Lender to Grantor pursuant under the terms of a certain Promissory Note (the "Note") dated of even date herewith in the aggregate principal amount of Three Hundred Thousand Dollars (\$300,000), pursuant to Section 3.1 of the Asset Purchase Agreement dated as of August __, 2007 between Grantor as Buyer and Lender as Seller (the "Asset Purchase Agreement"), with the proceeds of such loan being used by Grantor as a portion of the purchase price payable to acquire the FCC licenses and other assets used or useful in the operation of Low Power Television ("LPTV") broadcast station, call sign K36FJ, Eugene, Oregon (the "Station"). Grantor hereby authorizes the filing of financing statements by Lender on the terms and conditions set forth in this Security Agreement.

1. GRANT OF SECURITY INTEREST. To secure repayment of all amounts due under the Note and any other indebtedness or liability of the Grantor to Lender, direct or indirect, joint, several, joint and several, absolute or contingent, due or to become due or now existing or hereafter created or arising between Grantor and Lender including, without limitation, under this Security Agreement (all of the foregoing being herein collectively referred to as the "Obligations"), the Grantor hereby grants and conveys to the Lender a security interest in the personal property and assets, tangible and intangible, and all other rights and interests described hereunder with respect to and used or held for use in the business or operations of the Station (the "Station Assets"), and any such or like property related to the Station acquired after the date hereof, including, without limitation:

1(a) all machinery, equipment, transmitting towers, broadcast studio equipment, program and music libraries, transmitters, antennas, furnishings, microphones, audio equipment, video equipment, tape recorders, tools, and furniture and all merchandise, inventory, raw materials, work in process, finished goods, and supplies, whether now owned and as set forth on Exhibit A hereto, or hereafter acquired by the Grantor or in which the Grantor may now have or hereafter acquire an interest ("Equipment");

1(b) All contract rights (including, without limitation, all right, title and interest in the agreements, instruments, certificates, securities (certificated or uncertificated), cash, franchises, leases, rents, chattel paper, instruments, deposits, choses-in-action, patents, trademarks, copyrights, service marks, trade secrets, trade names, literary rights, rights to performance, call letters and general intangibles, all re-issues, divisions, renewals, extensions, continuations and continuations-in-part thereof, and goodwill associated with any of the foregoing, now in force or hereafter acquired ("General Intangibles");

1(c) All books, records, ledgers, customer lists, correspondence, computer hardware and software, and magnetic or other data storage media pertaining to any of the above-referenced items, whether in the possession of the Grantor or otherwise, but not including the books, internal minutes, and records of the Grantor ;

1(d) All cash and noncash proceeds and products, including insurance proceeds of, and any indemnity or warranty payable by reason of damage to or loss of, any of the foregoing (the "Proceeds");

1(e) All licenses, franchises, permits and authorizations heretofore or hereafter granted or issued to the Grantor under federal, state or local laws (but excluding, however, any licenses, franchises, permits and authorizations issued by the Federal Communications Commission ("FCC") with respect to the Station (the "FCC Licenses") to the extent, but only to the extent, it is unlawful to grant a security interest therein, but including, without limitation, to the maximum extent permitted by law, the right to receive all proceeds derived or arising from or in connection with the sale or assignment of such licenses, franchises, permits and authorizations) which permit or pertain to the business of the Grantor with respect to the Station; and

1(f) All Proceeds, accounts receivable ("Receivables"), substitutions or replacements, of, for and to (a) through (e) above, ((a) through (e) and (f) being herein collectively referred to as the "Collateral").

2. REPRESENTATIONS AND WARRANTIES; COVENANTS. The Grantor represents, warrants, covenants and agrees as follows:

2(a) To pay and perform all of the Obligations according to their terms;

2(b) To defend title to the Collateral against all persons and all claims and demands whatsoever, which Collateral, except for the security interest granted hereby, is lawfully owned by the Grantor and is free and clear of any and all liens, security interests, claims, charges, encumbrances, taxes and assessments, other than those which secure the Lender;

2(c) That all right title and interest in the FCC Licenses and assets used or useful in the operation of the Station, whether acquired from Lender or thereafter, is held and shall be held by Grantor as Collateral hereunder;

2(d) On demand of the Lender to do the following: furnish further assurance of title, execute any written agreement and do all other acts necessary to effectuate the purposes and provisions of this Security Agreement, execute any instrument or statement required by law or otherwise in order to perfect, continue or terminate the security interest of the Lender in the Collateral and pay all filing or other costs incurred in connection therewith;

2(e) Unless otherwise required by the Lender, to retain possession of the Collateral during the existence of this Security Agreement and not to sell, exchange, assign, loan, deliver, lease or otherwise dispose of the Collateral without the prior written consent of the Lender;

2(f) To keep the various items of Collateral at their present locations, and not to change the location of any Collateral to a location outside of Lane County, Oregon, without the prior written consent of the Lender, which will not be unreasonably withheld, and to notify Lender in advance of any change of the location of Collateral within Lane County, Oregon;

2(g) To keep the Collateral free and clear of all material liens, charges, encumbrances, taxes and assessments, except as provided herein;

2(h) To pay or cause to be paid when due all taxes, franchise fees and payments, assessments and license fees in any way relating to the Collateral;

2(i) Upon request by the Lender, to provide the Lender with written reports of the status of the Collateral, or any part thereof, as of the period specified, in form and substance satisfactory to the Lender. The Grantor shall not change the location of its books and records without giving the Lender at least thirty (30) days' prior written notice;

2(j) To make the Collateral and the books and records pertaining thereto available for inspection by the Lender at all reasonable times, and for the further security of the Lender, it is agreed that the Lender shall have a special property interest in all books and records of the Grantor pertaining to the Receivables (including chattel paper);

2(k) To comply with all federal, state and local laws and regulations applicable to its business, whether now in effect or hereinafter enacted, and upon request of the Lender, to furnish to the Lender evidence of compliance therewith;

2(l) To insure the tangible personal property Collateral in amounts sufficient to replace such Collateral with equipment of equivalent or greater value; and

2(m) To immediately notify the Lender in writing of any change in or discontinuance of any Grantor's place or places of business.

3. EVENTS OF DEFAULT. For the purposes of this Security Agreement, each of the following shall constitute an "Event of Default" hereunder:

3(a) An Event of Default shall have occurred under the Note; or

3(b) Failure by Grantor to comply with or perform any material provision of this Security Agreement, and the continuation of such failure for a period of more than 30 days following written notice of such failure from Lender to Grantor; or

3(c) If any material representation, warranty or covenant made or given by the Grantor in connection with this Security Agreement or the Note shall prove to have been incorrect or misleading or breached in any material respect on or as of the date when made; or

3(d) if any Grantor shall file a voluntary petition in bankruptcy, or there shall be filed against a Grantor an involuntary petition in bankruptcy which is not discharged within sixty (60) days thereafter, or if a Grantor be adjudged bankrupt, or make an assignment for the benefit of its creditors, or otherwise is unable to pay its debts in the ordinary course of business as such debts become due and payable; or

3(e) If all or any material part of the Collateral is subject to levy of execution or other judicial process.

4. CERTAIN REMEDIES UPON DEFAULT. Upon the occurrence of an Event of Default, at the option of the Lender:

4(a) The Obligations shall immediately become due and payable in full without notice or demand, and the Lender shall have all of the rights, remedies and privileges with respect to repossession, retention and sale of the Collateral and disposition of the proceeds as are accorded to the Lender by the applicable sections of the Uniform Commercial Code in the State of Oregon (as the same may be amended from time to time, the "UCC").

4(b) Without limiting the provisions of the foregoing clause (a), the Lender may also (i) enter upon the Grantor's premises, peaceably by the Lender's own means or with legal process, and take possession of the Collateral, render it unusable or dispose of the Collateral on such premises, and the Grantor agrees not to resist or interfere; and (ii) require the Grantor to assemble the Collateral (to the extent that it is movable) and make it available to the Lender at a place to be designated by the Lender. The Lender agrees that unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Lender will give the Grantor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of reasonable notice will be met if such notice is mailed, postage prepaid, to the appropriate person at the address shown above, at least ten (10) days before the time of sale or disposition.

4(c) The Lender shall be entitled, in its own name or in the name of the Grantor, or otherwise, but at the expense and cost of the Grantor, to collect, demand, receive, sue for and/or compromise any and all of the Receivables, and to give good and sufficient releases therefor, to endorse any checks, drafts or other orders for the payment of monies payable in payment thereof and, in its discretion, to file any claims or take any action or proceeding, either in its own name or in the name of the Grantor, or otherwise, which the Lender may deem necessary or advisable. It is expressly understood and agreed, however, that the Lender shall not be required or obligated in any manner to make any inquiries as to the nature or sufficiency of any payment received by it or to

present or file any claims or take any other action to collect or enforce a payment of any amounts which may have been assigned to it or to which it may be entitled hereunder at any time or times.

4(d) Upon any default hereunder, the Lender's reasonable attorney's fees and the legal and other expenses of pursuing, searching for, receiving, taking, keeping, storing, advertising and selling the Collateral shall be chargeable to the Grantor.

4(e) If the Grantor shall default in the performance of any of the provisions of this Security Agreement on its part to be performed, the Lender may perform the same for the Grantor's account, and any monies expended in so doing shall be chargeable with interest to the Grantor and added to the indebtedness secured hereby.

4(f) Waiver of or acquiescence in any default by the Grantor, or failure of the Lender to insist upon strict performance by the Grantor of any warranties or agreements in this Security Agreement, shall not constitute a waiver of any subsequent or other default or failure.

4(g) Grantor shall take any action that Lender may reasonably request in order to enable Lender to obtain and enjoy the full rights and benefits granted to Lender hereunder, including without limitation, all rights necessary to obtain, use, sell, assign or otherwise transfer control of the FCC Licenses. Without limiting the generality of the foregoing, upon the occurrence of an Event of Default, at the written request of Lender and at Grantor's sole cost and expense, Grantor shall (i) assist Lender in obtaining any required FCC approval for any action or transaction contemplated hereby, including preparing, signing and filing with the FCC and/or any other governmental body with jurisdiction thereover, the assignor's or transferor's portion of any application or applications for consent to the assignment of license necessary or appropriate under the Act or the rules and regulations of the FCC or any other governmental body for approval of any sale, assignment or transfer to Lender or any other person or entity of any or all Collateral (including without limitation any FCC Licenses), and (ii) execute all applications and other documents and take all other actions requested by Lender to enable Lender, its designee, any receiver, trustee, or similar official or any purchaser of all or any part of the Collateral to obtain from the FCC or any other governmental body any required authority necessary to operate the broadcasting business of Grantor, and (iii) if Grantor shall fail to execute and deliver any such application upon request of Lender, the clerk of a court of competent jurisdiction may execute and deliver such application on behalf of Borrower.

5. ADDITIONAL RIGHT OF THE LENDER TO USE AND OPERATE COLLATERAL. Upon the occurrence of any Event of Default hereunder, subject to the provisions of the UCC, any required prior approval of the FCC, and any other applicable law, the Lender shall have the right and power to take possession of all or any part of the Collateral and to exclude the Grantor and all persons claiming under the Grantor wholly or partly therefrom, to the extent necessary, thereafter to hold, store and/or use, operate, manage and control the Collateral. Upon any such taking of possession, the Lender may, from time to time, at the expense of the Grantor, make all such repairs, replacements, alterations, additions and improvements to and of the Collateral as the Lender may deem proper. In any such case, subject to the prior approval of the FCC, to the extent necessary, the

Lender shall have the right to manage and control the Collateral and to carry on the business and exercise all rights and powers of the Grantor respecting the Collateral, all as the Lender shall deem best, including the right to enter into any and all such agreements with respect to the leasing and/or operation of the Collateral or any part thereof as the Lender may see fit; and the Lender shall be entitled to collect and receive all rents, issues, profits, fees, revenues and other income of the same and every part thereof. Such rents, issues, profits, fees, revenues and other income shall be applied to pay the expenses incurred in (i) holding and operating the Collateral; (ii) performing all maintenance, repairs, replacements, alterations, additions and improvements which the Lender may be required or elect to make, if any; and (iii) paying all taxes, assessments, insurance and other charges upon the Collateral or any part thereof, and all other payments, which the Lender may be required or authorized or elect to make (including legal costs and attorneys' fees). Any remaining rents, issues, profits, fees, revenues and other income shall be applied to the payment of the Obligations. Without limiting the generality of the foregoing, the Lender shall have the right to apply for and have a receiver appointed by a court of competent jurisdiction in any action taken by the Lender to enforce its rights and remedies hereunder in order to manage, protect or preserve the Collateral or continue the operation of the business of the Grantor. The Lender shall also have the right to collect all revenues and profits of the Grantor's business and apply the same to the payment of all expenses and other charges of any such receivership until a sale or other disposition of the Collateral shall be finally made and consummated.

6. FCC APPROVAL. Notwithstanding anything to the contrary contained herein, the Lender will not take any action pursuant to this Security Agreement which would constitute or result in any assignment of an FCC License or any change of control of the ownership or management of the Station if such assignment of FCC License or change of control would require under then existing law (including the written rules and regulations promulgated by the FCC), the prior approval of the FCC, without first obtaining such approval of the FCC. The Grantor agrees to take any action which the Lender may reasonably request in order to obtain and enjoy the full rights and benefits granted to the Lender by this Security Agreement and each other agreement, instrument and document delivered to the Lender in connection herewith or in any document evidencing or securing the Collateral, including specifically, at the Grantor's own cost and expense, the use of its best efforts to assist in obtaining approval of the FCC for any action or transaction contemplated by this Security Agreement which is then required by law. It is understood and agreed that the rights of Lender hereunder do not and shall not constitute a reversionary right of Seller in the FCC Licenses pursuant to the Asset Purchase Agreement.

7. NO ASSUMPTION OF DUTIES. The rights and powers granted to the Lender hereunder are being granted in order to preserve and protect the Lender's security interest in and to the Collateral granted hereby and shall not be interpreted to, and shall not, impose any duties on the Lender in connection therewith.

8. GRANTOR'S RIGHTS IN THE ABSENCE OF DEFAULT. Assuming no breach by Grantor of any material term of this Security Agreement or the Note, Grantor will be entitled to all rights of and attendant to ownership of the Station Assets, including, but not limited to, the

right to receive profits from the business operations of the Station, to maintain the equipment used in the operation of the Station, or to replace it with equipment of at least equal value and functionality, and to otherwise operate the Station in the normal course of business.

9. FINANCING STATEMENTS. The Lender is hereby authorized to file Financing Statements covering the Collateral.

10. MISCELLANEOUS. Captions used herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Security Agreement or the intent of any provision hereof. The gender and number used in this Security Agreement are used as reference terms only and shall apply with the same effect whether the parties are of the masculine or feminine gender, corporate or other form, and the singular shall likewise include the plural.

11. BINDING EFFECT. The terms, warranties and agreements herein contained shall bind and inure to the benefit of the respective parties hereto, and their respective legal representatives, successors and assigns. The terms and conditions of this Security Agreement may not be waived, modified or amended orally, but may be waived, modified or amended only by an agreement in writing signed by the parties against whom any waiver, modification or amendment is sought. Any provisions in this Security Agreement which are or are declared invalid under any law shall not invalidate any other provision of this Security Agreement.

12. CHOICE OF LAW; VENUE AND JURISDICTION; SERVICE OF PROCESS. This Security Agreement shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with the laws of the State of Oregon, without regard to its principals of conflicts of law. Venue for any adjudication hereof shall be only in the state and Federal courts sitting in Eugene, Oregon, to the jurisdiction of which courts each Grantor hereby submits, as the agreement of such party, as not inconvenient and not subject to review by any court other than such courts in Eugene, Oregon. Any notice, or service of any summons and/or complaint hereunder and any other process which may be served on the Grantor in any action in respect hereto, may be made by registered mail or by delivering a copy of such process to the address specified in the Asset Purchase Agreement among the parties hereto. The Grantor agrees that this submission to jurisdiction and consent to service of process are reasonable and made for the express benefit of Lender.

13. WAIVER OF JURY TRIAL. THE GRANTOR WAIVES ALL RIGHT TO TRIAL BY JURY OF ALL CLAIMS, DEFENSES, COUNTERCLAIMS AND SUITS OF ANY KIND DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO THIS INSTRUMENT OR THE DEALINGS OF THE PARTIES IN RESPECT HERETO. THE GRANTOR ACKNOWLEDGES THAT THIS IS A WAIVER OF A LEGAL RIGHT AND THAT IT MAKES THIS WAIVER VOLUNTARILY AND KNOWINGLY AFTER CONSULTATION WITH, OR THE OPPORTUNITY TO CONSULT WITH, COUNSEL OF ITS CHOICE. THE GRANTOR AGREES THAT ALL SUCH CLAIMS, DEFENSES, COUNTERCLAIMS AND SUITS SHALL BE TRIED BEFORE A JUDGE, WITHOUT A JURY.

14. NOTICES. All notices, requests, demands, and other communications pertaining to this Agreement shall be in writing and shall be deemed duly given when delivered personally or mailed by certified mail, return receipt requested, postage prepaid, or by an overnight carrier that provides a written confirmation of delivery, addressed as follows:

If to Lender:

Danny Shelton
President
Three Angels Broadcasting Network, Inc.
P.O. Box 220
West Frankfort, Illinois 62896

with copy to (which shall not constitute notice):

David M. Silverman, Esq.
Davis Wright Tremaine LLP
1919 Pennsylvania Av NW, Suite 200
Washington, DC 20006

And to:

Moses Primo
Director of Broadcast Operations and Engineering
Three Angels Broadcasting Network, Inc.
3391 Charley Good Road
P.O. Box 220
West Frankfort, IL 62896

If to Grantor:

Scott Diehl, Operations Manager
Churchill Media III, LLC
871 Country Club Rd.
Eugene, OR 97401

With a copy to (which shall not constitute notice):

J. Dominic Monahan
Attorney at Law
P.O. Box 10747
Eugene, OR 97440

Whenever possible, notices should also be provided by facsimile or electronic mail. Either party may change its address for notices by written notice to the other given pursuant to this Section.

15. EXECUTION IN COUNTERPARTS. This Agreement may be signed in any number of counterparts with the same effect as if the signature on each such counterpart were on the same instrument. Each of the counterparts, when signed, shall be deemed to be an original, and all of the signed counterparts together shall be deemed to be one and the same instrument. This Agreement may be signed and exchanged by facsimile or electronic transmission, with the same legal effect as if the signatures had appeared in original handwriting on the same physical document.

IN WITNESS WHEREOF, the parties have executed this Security Agreement on the day and year first above written.

BORROWER:

CHURCHILL MEDIA III, LLC

By: _____
Its:

LENDER:

THREE ANGELS BROADCASTING, INC.

By: _____
Its: