

MM Dkt. 92-51

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

28 MAY 1992

IN REPLY REFER TO:

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

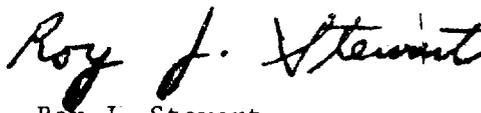
Honorable Jesse Helms
United States Senate
403 Dirksen Senate Office Building
Washington, DC 20510-3301

Dear Senator Helms:

Thank you for your letter on behalf of your constituent, Mr. Tom Joyner, regarding financing in the radio industry. Mr. Joyner is concerned that current financing arrangements between radio licensees and financial institutions will lead to "massive defaults" on the part of radio station owners who financed their stations during a better economic climate and are now having difficulty repaying the debt. Mr. Joyner offers a proposal to amortize existing debt over a longer time period, which he believes will protect the licensee, the financial institutions and the public.

On March 12, 1992, the Commission adopted a Notice of Proposed Rule Making in MM Docket No. 92-51 to consider ways to strengthen the economic viability of our domestic broadcast industry in today's competitive marketplace. Among the questions asked, the Commission specifically sought information on what steps it could pursue to facilitate access by broadcasters to capital. I have enclosed a copy of the Notice of Proposed Rule Making for your use. Interested parties must file comments relevant to the Notice by June 12, 1992, and reply comments by July 13, 1992. I have instructed my staff to include the remarks of your constituent for consideration in the record of that proceeding.

Sincerely,



Roy J. Stewart
Chief, Mass Media Bureau

Enclosure

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United States Senate

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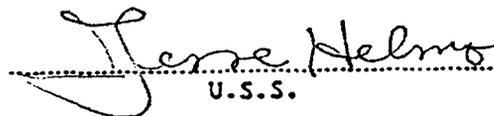
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Respectfully referred to:

Linda Townsend Solheim
Director, ~~Legislative Affairs~~
Federal Communications Commission

Because of the desire of this office to be responsive to all inquiries and communications, your consideration of the attached is requested. Your findings and views, in duplicate form, along with return of the enclosure, will be appreciated by


U.S.S.

Form #2

Direct to the attention of:
Wayne Boyles
Office of Senator Jesse Helms
402 Dirksen Office Building
Washington, D.C. 20510
(202) 224-6342



92 MAR 16 PM 2:50

50
F-I the radio
industry's financing
problems

March 12, 1992

Senator Jesse Helms
403 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Helms:

This is an idea that I believe has merit and I would like to know your opinion. I feel deeply about the issue and am willing to discuss at any length.

Sincerely,

Tom Joyner

TJ/11

Encs.

cc: Senator Terry Sanford
Mark Fowler
Eddie Fritz
George Otwell
Charles Giddens

▲ **WTRG 100.7**
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March 12, 1992

Radio Industry Financing Problems

Radio is in trouble..big trouble and as commendable as the effort is, letting us have 59 more like the 1 that's killing us doesn't seem like a solution to me. What's needed is a bold approach to financing that will allow the vast majority of owners to pay their debt: It requires the cooperation of broadcasters, the FCC, Congress and the banking community. If such an approach is not forthcoming, in my opinion, radio and the banking industry are headed for massive defaults. Real defaults and not these technical defaults that have continued to be propped up by both sides to avoid the inevitable.

Typical radio financing has been 7-10 years and it worked fine before the bottom fell out from under values and most owners found themselves completely under water. Disregarding all the bravado and self serving rhetoric, please believe me when I tell you that the numbers of these broadcasters would astound you. Many are good broadcasters who simply bought on the high end of a massive curve. These loans must be restructured and over a much longer time than has been typical. This will allow the broadcaster to work out from under the debt, it will keep the bank from losing the loan and it will save political fannies from the resulting hue and cry from the voters if this massive default occurs.

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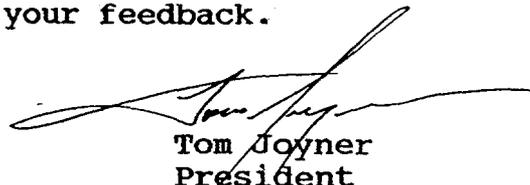
Radio Financing Problem
Joyner
Page two

I propose that banks be allowed to hold interest in a broadcast license and that in return the banks restructure loans over a 15-20 year payout. Mobile homes can be financed twice as long as radio properties. My money is where my mouth is in that I hold financing paper on two stations that I gave 20 year financing to and both are able to make it. Perhaps a 20 year amortization with a 10 year balloon would work. In that time the broadcaster can work the debt down to a manageable amount that could easily be renewed.

The government saw fit to step in and give Chrysler the room it needed to get itself financially sound. Radio needs that same consideration and if it is not forthcoming I believe we will have a disaster on our hands. Does the U.S. economy need another series of defaults at this period in time? I don't think so but it is inevitable if bold steps are not taken soon.

LMA's are not the answer. Allowing the big to get bigger is not the answer. More stations are not the answer. The answer to our industry problem lies in eradicating the overextended debt. My proposal, with refinement, would give broadcasters the boot strap by which to pull themselves up. It will still be painful but with payments cut by 35-50% and a longer payout period, it can be done.

I'd like to hear your feedback.



Tom Joyner
President

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