

W240BQ ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "Agreement") is entered into as of the 17 day of October, 2011, by and between **Conner Media Corporation** ("Seller") and **Grace Missionary Baptist Church d/b/a Grace Christian School** ("Buyer").

WITNESSETH:

WHEREAS, Seller is the licensee of FM broadcast translator station W276BR, Rose Hill, North Carolina (Facility ID No. 157854) (the "Station"); and

WHEREAS, Seller desires to sell and assign and Buyer desires to purchase and acquire certain assets owned or held by Seller for use in the operation of the Station; and

WHEREAS, Buyer plans to relocate the transmitter site of the Station, and so neither the studio nor transmitter sites presently used in the operation of the Station are included in the transactions contemplated herein; and

WHEREAS, the license (the "License") issued by the Federal Communications Commission ("Commission" or "FCC") for the operation of the Station may not be assigned to Buyer without the prior written consent of the Commission;

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions contained herein, the parties do hereby agree as follows:

1. SALE OF ASSETS AND ASSIGNMENT OF LICENSES

At the Closing, and subject to the provisions of Paragraph 2 hereof, Seller shall sell or assign and transfer to Buyer and Buyer shall purchase from Seller the following assets ("Assets"), free and clear of liens, encumbrances, and other security interests except as specifically provided herein:

A. **Tangible Personalty**: The transmit antenna currently used in the operation of the Station, as listed in Exhibit A hereto (the "Antenna").

B. **Licenses and Authorizations**: All licenses, permits, permissions and other authorizations as listed in Exhibit B hereto (including without limitation the right to the use of the Station's call sign) which are issued by the Commission (the "FCC Licenses") or other governmental agencies and that are associated exclusively with the Station, and all applications for modification, extension or renewal thereof pending on the Closing Date (the "Licenses").

C. **Intangible Personal Property**: All good will, trademarks, service marks, copyrights, trade names, common law property rights and all other intangible personal property owned by Seller and intended for use by it in connection with the construction and operation of the Station (the "Intangible Property").

D. **Records:** Such of Seller's files, warranties, technical data, reports and other records relating exclusively to the Station as Buyer may reasonably request (the "Records").

2. **ASSETS EXCLUDED**

It is understood and agreed that the Assets purchased pursuant to this Agreement shall not include (a) any equipment other than the Antenna, it being understood that Buyer shall provide all other equipment needed to operate the Station; (b) the transmitter, studio and office sites used in the operation of the Station; (c) assets held by Seller and intended for use in Seller's other broadcast stations and businesses; (d) Seller's cash, bank accounts, accounts or notes receivable and investment; and (e) Seller's tax and corporate records.

3. **PURCHASE PRICE AND TERMS**

The purchase price for the Assets being purchased by Buyer hereunder (the "Purchase Price") is Fifty-Five Thousand Dollars (\$55,000), of which Ten Thousand Dollars (\$10,000) shall be paid to Seller in cash at the Closing, and the remaining Forty-Five Thousand Dollars (\$45,000) shall be evidenced by a promissory note in a form mutually acceptable to Buyer and Seller (the "Note"), which shall be due and payable in full twelve (12) months after issuance by the FCC of a construction permit to relocate the Station to such location and specifying such facilities as Buyer may determine (the "CP"). The Purchase Price shall be allocated among the Assets as set forth in Exhibit C hereto. Both Buyer and Seller shall rely upon such allocation for all tax reporting purposes.

4. **PRORATIONS AND ADJUSTMENTS**

All taxes, prepayments (to the extent Buyer obtains the asset for which such prepayment was made), deposits and any income and operating expenses of the Station shall be prorated between Buyer and Seller as of 12:01 a.m. on the Closing Date. Insofar as feasible, proration under this paragraph shall be determined and paid on the Closing Date as an adjustment to the Purchase Price, with a final accounting of prorated items, and the sum due from one party to another pursuant to this proration paid, within sixty (60) days after the Closing Date.

5. **EXPENSES**

All expenses incurred with respect to the preparation and implementation of this Agreement and the transactions contemplated hereunder shall be paid by the party incurring the same, provided, however, that FCC processing fees for the application described in Paragraph 7 hereof, and recording fees, documentary stamp taxes, revenue stamps and all other similar charges on conveyances from Seller to Buyer, if any, will be paid one-half by Buyer and one-half by Seller.

6. **ASSUMPTION OF CERTAIN LIABILITIES**

At the Closing Buyer shall not assume responsibility for any of Seller's liens, taxes, debts, accounts payable, contracts or employment-related obligations, including severance pay, health insurance or retirement plans.

7. **FILING OF FCC APPLICATION**

Buyer and Seller agree to proceed no later than ten (10) days from execution hereof to file an application requesting FCC consent to the transactions herein set forth (the "Application"). The parties agree to prosecute the Application, defend it against challenges and file any amendments or additional information requested by the FCC, all in good faith and with due diligence.

8. **TERMINATION**

A. If the written consent of the Commission is not obtained within six months after the date hereof, then either Buyer or Seller may terminate this entire Agreement upon written notice to the other, provided that the party seeking to terminate is not in default hereunder.

B. Either party may terminate this Agreement if the other shall be in material breach hereof and if the said breach shall not have been cured within ten (10) days of written notice thereof by the party seeking to terminate, **provided, however**, that if any such breach is not reasonably susceptible of being cured within ten (10) days, then the party in breach shall have undertaken to cure the breach with all reasonable diligence and shall have cured the breach as promptly as is reasonably practicable.

9. **REPRESENTATIONS AND WARRANTIES OF SELLER**

Seller makes the following representations and warranties, all of which have been relied upon by Buyer in entering into this Agreement and, except as specifically otherwise provided, all of which shall be true and correct on the Closing Date:

A. **Organization**: Seller is a corporation duly organized, validly existing, and in good standing under the laws of the State of North Carolina, is authorized to do business in the State of North Carolina, and has full power and authority to enter into and perform this Agreement.

B. **Authorization**: The execution, delivery and performance of this Agreement have been duly authorized by the Seller, and constitutes a valid and binding Agreement of Seller, enforceable in accordance with its terms.

C. **No Contravention**: The execution, delivery and performance of this Agreement by Seller will not violate any provision of its organizational documents and will not result in the breach of, or constitute a default under, or violate any provision of, any agreement or other instrument to which Seller or any of its principals is a party or by which it or they or any of the Assets is bound or affected.

D. **Licenses:** Exhibit B hereto contains a complete list of all the authorizations issued by the Commission and other governmental agencies, together with any applications pending for authorizations, needed to operate the Station pursuant to the Licenses.

E. **Antenna:** Seller has good and marketable title to the Antenna, free and clear of all mortgages, liens, charges or encumbrances.

F. **Compliance with Laws; Litigation:** There is no judgment outstanding and, to the best of Seller's knowledge, no litigation, proceeding or investigation of any nature (other than that intended to affect substantial segments of the industry as a whole) pending or threatened which is likely to materially and adversely affect the operation of the Station, the use by Buyer of the Assets, or Seller's ability to timely consummate all of the transactions contemplated herein.

10. **COVENANTS OF SELLER**

A. **Negative:** Between the date hereof and the Closing Date or earlier termination of this Agreement, Seller will not sell, assign, lease, convey, or otherwise transfer or dispose of any of the Assets, whether now owned or hereafter acquired other than in the ordinary course of business, unless, in the case of the Antenna, the same are replaced in the normal course of business by assets of at least equal quality and usefulness, nor create any lien or encumbrance upon any of the Assets.

B. **Affirmative:** Pending the Closing Date, Seller will:

(i) Give to Buyer, its counsel, engineers, accountants and other authorized representatives, reasonable access during normal business hours to all of the properties, premises, books and records pertaining to the Station for the purposes of inspection;

(ii) Promptly notify Buyer of any unusual or material developments with respect to the Station; and remove any and all violations of Commission rules or regulations which come to its attention or assume responsibility for the costs of removing same, including the payment of any fines that may be assessed for any such violation; and

(iii) Maintain the Antenna in its present condition (reasonable wear and tear excepted) and operate the Station in the ordinary course.

11. **REPRESENTATIONS, WARRANTIES AND COVENANTS OF BUYER**

Buyer makes the following representations, warranties and covenants, all of which have been relied upon by Seller in entering into this Agreement and, except as specifically otherwise provided, all of which shall be true and correct on the Closing Date:

A. **Organization:** Buyer is a _____ duly organized, validly existing, and in good standing under the laws of the State of _____, is authorized to do business in the State North Carolina, and has full power and authority to enter into and perform this Agreement.

B. **Authorization:** The execution, delivery and performance of this Agreement has been duly authorized by Buyer, and constitutes a valid and binding Agreement of Buyer, enforceable in accordance with its terms.

C. **No Contravention:** The execution, delivery and performance of this Agreement by Buyer will not violate any provision of its organizational documents and will not result in the breach of, or constitute a default under, or violate any provision of, any agreement or other instrument to which Buyer or any of its principals is a party or by which it or they is bound or affected.

D. **Qualification:** Buyer is fully qualified, legally and financially, to become the licensee of the Station and to timely consummate all of the transactions contemplated by this Agreement.

E. **Relocation of the Station:** Within two months following the Closing Date, Buyer shall file with the FCC an application for the CP (the "CP Application"). Buyer shall diligently prosecute and defend the CP Application and address all requests by FCC staff for amendments or further information. Buyer warrants that to the CP Application shall be designed so as to comply with all applicable FCC and other legal and technical requirements, such that it may be routinely granted pursuant to all applicable rules, regulations and policies in effect at the time the CP Application shall be filed, and Buyer shall promptly amend the CP Application as necessary in order to comply with any changes in rules, regulations or policies prior to grant thereof.

12. **CONTROL OF STATION**

Nothing contained in this Agreement shall be construed as giving Buyer any right to directly or indirectly supervise or direct the operation of the Station prior to the Closing. Such operation shall be the sole responsibility of Seller. Effective on the Closing Date and thereafter, Seller shall have no control over, nor right to intervene or participate in, the operation of the Station.

13. **RISK OF LOSS**

The risk of loss or damage to any of the Assets shall be upon Seller prior to the Closing, and thereafter upon Buyer. In the event of such loss or damage prior to the Closing, Seller shall promptly replace, repair or restore any such damaged Assets as promptly as practicable and apply the proceeds of, or any claim for any loss payable under, any insurance policy with respect thereto to repair, replace, or restore such lost or damaged assets.

14. **CLOSING DATE AND PLACE**

The Closing Date and time shall be fixed by Buyer by giving at least five (5) days' written notice thereof to Seller. Unless extended by mutual written consent of Buyer and Seller, the date of Closing shall be five (5) days after public notice of FCC grant of the Application unless a petition to deny or informal objection shall have been filed against the Application, in which case Buyer may elect to defer the Closing until the FCC's consent shall have become final (that is, no longer subject to reconsideration, review or appeal by or to the Commission or any court of competent jurisdiction). The Closing shall take place at the Seller's offices or at such other location or in such other manner as the parties may mutually agree. At the Closing, Seller shall deliver to Buyer such bills of sale, assignments and other instruments of conveyance transferring title of the Assets as Buyer may reasonably request, and Buyer shall deliver to Seller the Ten Thousand Dollar (\$10,000) cash deposit and the Note, the terms of which the parties will have negotiated in good faith.

15. **REMEDIES UPON TERMINATION OR DEFAULT**

If this Agreement is terminated due to no fault of either Buyer or Seller, then neither party shall have any liability to the other. If the Agreement is terminated due to a material default of Seller then, in addition to any other remedies to which it may be entitled, Buyer may seek a decree of specific performance, it being agreed by both Buyer and Seller that the Assets to be conveyed hereunder are unique and irreplaceable, and that monetary damages alone may not suffice to compensate Buyer for the loss of an opportunity to acquire the Station on the terms set forth herein. If Buyer fails to comply with any of the covenants contained in paragraph 11.E hereof, then Seller shall be entitled to invoke the remedy of requiring immediate payment of the Note, which remedy shall be specified therein.

16. **INDEMNIFICATION**

Seller shall indemnify, defend, and hold Buyer harmless against all claims, demands and legal actions and will reimburse Buyer for any damages (including legal fees incurred with respect to same) resulting from, or arising out of, the material breach by Seller of any of its representations, warranties or covenants set forth herein. Buyer shall indemnify, defend and hold Seller harmless against all claims, demands and legal actions, and will reimburse Seller for any damages (including legal fees incurred with respect to same) resulting from, or arising out of, the material breach by Buyer of any of its representations, warranties or covenants set forth herein. Should any claims covered by the foregoing provisions be asserted against either party, the party being charged shall notify the other promptly and give it an opportunity to defend the same; the parties shall extend reasonable cooperation to each other in connection with such defense.

17. **SURVIVAL**

The representations, warranties, covenants, and agreements contained herein and in any certificate or other instrument delivered pursuant hereto shall be deemed and construed to be continuous and shall survive the Closing hereunder and the payment of the Note for a period of six (6) months.

18. **BROKER/FINDER**

Buyer and Seller hereby mutually represent that there are no finders, consultants or brokers involved in this transaction and that neither Seller nor Buyer has agreed to pay any brokers', finders' or consultants' fees in connection with this transaction.

19. **NOTICES**

All necessary notices, demands and requests shall be deemed duly given if mailed by registered or certified mail, postage prepaid, addressed as follows:

Seller: Conner Media, Inc.
702 Hartness Road
Statesville, North Carolina 28677
Attn: Dr. Ronald Benfield, President

With a copy, which shall not constitute notice, to:

Peter Gutmann, Esq.
Womble Carlyle Sandridge & Rice, PLLC
1200 19th Street, NW, 5th Floor
Washington, DC 20036

Seller: Grace Missionary Baptist Church d/b/a Grace Christian School
520 Roberts Road
Newport, North Carolina 24711
Attn: Pastor Clyde I. Eborn, President

With a copy, which shall not constitute notice, to:

16. **CONSTRUCTION**

This Agreement shall be construed and enforced in accordance with the laws of the State of North Carolina. If any provision of this Agreement is held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and to this end only the provisions of this Agreement are declared severable.

21. **ASSIGNMENT AND BENEFIT**

This Agreement is not assignable by either Buyer or Seller without written consent of the other. This Agreement and all of the obligations set forth herein shall be binding upon the parties and their respective heirs, assigns and successors.

22. **COOPERATION**

Each party hereto agrees to perform such further acts and to execute and deliver such further documents as may be necessary or desirable to effectuate the purposes of this Agreement.

23. **TIME OF ESSENCE**

Time is of the essence with respect to every provision of this Agreement.

24. **ENTIRE AGREEMENT**

This Agreement embodies the entire agreement among the parties and supersedes all prior agreements and understandings among the parties. No attempted change, termination or waiver of any of the provisions hereof shall be binding except by a written instrument signed by the party against which the same is sought to be enforced.

25. **EXECUTION IN COUNTERPARTS**

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute a single instrument.

EXECUTED on the day first above written.

ATTEST:

[Handwritten Signature]

CONNER MEDIA, INC

By *[Handwritten Signature]*
Ronald Benfield, President

WITNESS:

[Handwritten Signature]

**GRACE MISSIONARY BAPTIST CHURCH
d/b/a GRACE CHRISTIAN SCHOOL**

By *[Handwritten Signature]*
Pastor Clyde I. Eborn, President