

PURCHASE AND SALE AGREEMENT

OF

RADIO BROADCAST FREQUENCY 1040

THIS AGREEMENT is made this 31st day of March of 2005 between **PACIFIC STAR BROADCASTING, INC.**, a Georgia Corporation (hereinafter referred to as the "Purchaser") and **CHRIST IN YOU THE HOPE OF GLORY CHURCH, INC.**, a Georgia Corporation (hereinafter referred to as the "Seller").

RECITALS

- A. Seller is the owner of a radio broadcasting license of the radio broadcast frequency of 1040, WPBS (hereinafter referred to as the "Station") issued by the Federal Communications Commission (the "FCC").
- B. Seller is the owner of that certain real property lying and being in Land Lots 274 of the 16th District of Rockdale County, Georgia, and being more particularly described in Exhibit "A" attached hereto and made a part hereof by reference (hereinafter referred to as the "Real Property").
- C. Purchaser desires to acquire the Real Property and the FCC license Station and all the properties, assets, permits, contracts and other rights of Seller of every kind and description, tangible and intangible, wherever situated, that are associated with the Station (hereinafter collectively referred to as the "Property").
- D. Seller is willing to convey, sell and transfer the Property and all other such properties, assets, and rights used or useful in connection with the operation of the Station to Purchaser subject to the prior approval of the FCC.

In consideration of the matters described above, and of the mutual benefits and obligations set forth in this Agreement, the parties hereto, intending to be legally bound, do hereby agree as follows:

Seller's Initials

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Purchaser's Initials

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TERMS OF THE TRANSACTION

PRICE

The Purchaser agrees to purchase from Seller based upon the following allocation of values:

- \$112,500 EARNEST MONEY received by John Pierce & Company, LLC as of the date of this Agreement, to be credited towards the Total Purchase Price;
- \$2,137,500 TWO MILLION, ONE HUNDRED THIRTY-SEVEN THOUSAND, FIVE HUNDRED and NO/100 DOLLARS shall be due at Closing;
- \$2,250,000 TWO MILLION, TWO HUNDRED FIFTY THOUSAND and NO/100 DOLLARS shall be the TOTAL PURCHASE PRICE;

ARTICLE I DEFINITIONS AND CLOSING STIPULATIONS

- 1.1 **Closing Date.** The final consummation of the transaction contemplated under this Agreement (the "Closing"), subject to all conditions precedent being satisfied, shall take place within thirty (30) days after FCC approval of the assignment of the license from Seller to Purchaser.
- 1.2 **Assets.** FCC licenses and permits for radio broadcast frequency 1040 and any and all other properties, assets, contracts and other rights of Seller of every kind and description, tangible and intangible, wherever situated, that are associated with the license and operation of the radio broadcast frequency 1040 shall hereinafter be referred to as the "Assets."
- 1.3 **Property.** The Assets and the Real Property.
- 1.4 **Notice to Creditors.** The parties hereby waive the requirements of O.C.G.A. 11-6-101 et seq. (Georgia Bulk Sales Act). Seller makes no representations and affidavits that are being relied upon by Purchaser with regard to compliance with Georgia's Bulk Sales Laws and Purchaser assumes all risk and liability in connection therewith.
- 1.5 **Due Diligence.** The Seller, or through Seller's employees and agents, shall deliver to Purchaser, or any designee directed by Purchaser, true and correct copies, containing no material omissions or misrepresentations, of the following to the extent such documents, schedules or information exist and are in the possession of Seller: (i) all vendor, customer and other material contracts (including all leases and inter-company agreements), (ii) a schedule of all current

Seller's Initials: FW

Purchaser's Initials: FW

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indebtedness and other liabilities associated with the Business, (v) the books and records of the Business for the prior month before closing, (vi) a schedule of all equipment and other fixtures used in connection with the Business, (vii) organizational documents of selling entity, as applicable (e.g., articles of incorporation, partnership agreements, etc.), (viii) schedule of current insurance coverage and description of all claims made in the prior three years, (ix) copies of all governmental and third-party permits, authorization, licenses, approvals, certifications, consents, etc. (including without limitation zoning and occupancy permits, inspection certificates and liquor license) held by the Seller, (x) service contracts and equipment leases, (xi) time brokerage or advertisement agreements as soon as practical following the execution of this Agreement, but in no event later than three (3) business days thereafter. In addition, Purchaser and Purchaser's agents and designees shall have full access, during reasonable hours and under reasonable circumstances, to the books and records and any and all other contracts, agreements, arrangements, documents, or information as Purchaser may reasonably require to assess the condition and value of the Business.

1.6 Documents to be Delivered by Seller at Closing. At the Closing, Seller shall deliver or cause to be delivered to Purchaser the following documents which shall have been duly executed by the appropriate parties as indicated thereon:

- a. All necessary corporate documentation authorizing Seller to convey the Assets, including the necessary Corporate Resolutions;
- b. Memorandum of Sale;
- c. An affidavit of Seller that all covenants and warranties of this Agreement are true as of the date of Closing;
- d. Bill of Sale conveying the assets;
- e. A Compliance Agreement; and
- f. All other documents reasonably required to consummate the transaction contemplated hereby, in form and content reasonably satisfactory to Seller and Purchaser and its respective counsel.

1.7 License and Permits. Purchaser and Seller shall cooperate in good faith to obtain, for the benefit of Purchaser, any and all necessary licenses and permits as required by the FCC for the operation of the Station. Such forms and documents shall be provided by the Seller at the Closing with pertinent transfer information inscribed for signatures by both parties.

Seller's Initials FWW

Purchaser's Initials FWW

- 1.8 Preliminary Agreement. Purchaser and Seller acknowledge that this agreement is a preliminary agreement and that such legal documents as may be necessary to carry out the terms of this Agreement shall be executed and delivered by Purchaser and Seller at the time the sale is consummated.

ARTICLE II SELLER'S REPRESENTATIONS AND WARRANTIES

Except as otherwise noted herein:

- 2.1 Seller's Authority. The transaction contemplated hereby has been unanimously approved by the shareholders and directors of Seller and evidence of such authority reasonably satisfactory in form and content to Purchaser will be provided by Seller at Closing.
- 2.2 Title to Assets. Seller specially warrants and represents that such FCC license has been validly issued to Seller and is not subject to revocation except for cause, and that it is in full compliance with the terms of its issuance and with all statutes, rules, regulations and practices of the FCC or any other public authority. No proceedings are pending or threatened towards the revocation or adverse modification of such license, nor is there any basis for such proceedings. Such license constitutes the only permission necessary from any public authority to enable Seller to conduct its broadcasting business as presently conducted and contemplated. Seller further covenants that it has good and marketable title to all the Property and at Closing Seller will have full power and authority to transfer good and marketable title to all the Property to Purchaser.
- 2.3 Executory Contracts. The attached Exhibit "A" incorporated herein by this reference, is an accurate and complete list of all Executory Contracts to which Seller is a party or which obligates Seller (the "Executory Contracts") setting forth the names and business addresses of all parties, the subject of such contract, the expiration date and all provisions for cancellation.
- 2.4 Laws, Ordinances and Regulations. The radio broadcast frequency 1040 has been, and shall continue through Closing, to be operated and conducted in compliance with all applicable FCC laws, ordinances, rules and regulations, including, but not limited to, any and all local laws, ordinances, rules and regulations, if any.
- 2.5 No Unincumbered Liens. None of the Assets are or will, at Closing, be subject to a security agreement, pledge or other consensual lien or limitation of Seller's title.

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Purchaser's Initials

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- 2.6 Suits, Claims, Investigations, Proceedings, etc. There are no suits, proceedings, administrative claims, investigations or claims pending or threatened against the Seller, the Assets, or the license or any permits associated with the radio broadcast frequency 1040, whether or not disputed, which will affect either (i) Seller's performance hereof; (ii) the title to the Property; or (iii) the operation of the Station.
- 2.7 Profit Sharing, Stock Options and Pension Plans. Seller has no profit sharing plan, including a 401(k), which gives rise to participants having a claim or interest in the Property being acquired by Purchaser.
- 2.8 Date of Representations and Warranties. Each of the representations and warranties contained herein will be true on and as of the signing of this Agreement and also on the Closing date as though made on such date.
- 2.9 Truth and Completeness of Statements. To Seller's knowledge, information and belief, no representation or warranty of Seller herein, contains any untrue statement.
- 2.10 Employment Contracts. Seller has no employment contracts or collective bargaining agreements with any person or entity.

ARTICLE IV COVENANTS OF SELLER

- 4.1 Conduct of Business. Pending Closing of the transaction contemplated by this Agreement, Seller will continue to conduct his or her radio station business and operation of the Station in its ordinary course consistent with past practices.
- 4.2 Maintenance of the Station. Until the Date of Closing, Seller agrees to maintain his or her radio station business by making best efforts to:
- maintain and preserve its business organizations, employees and relationships with suppliers, customers and others whose involvement with Seller is reasonably required in the operation of the radio station;
 - inform Purchaser of all material matters relating to the Property and/or the radio broadcast frequency 1040; and
 - Pending the Closing, Seller shall operate the Station in the normal course of business, in accordance with all existing standards, practices and procedures, and shall maintain the Station in its current condition. From and after the date of this Agreement, Seller shall not, without the prior written consent of

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Purchaser's Initials FW-W

Purchaser, enter into any new time brokerage agreements, lease or advertising contracts with third parties unless such agreements, leases, or contracts may be terminated immediately upon notice; and

d. not, without Purchaser's consent, further encumber any of the Property.

- 4.3 **Payment of Judgments, Liens, Etc.** To the extent that there are judgments, liens, security interests or other encumbrances that are unpaid as of Closing, which affect Seller's title to the Assets to be sold to and purchased by Purchaser hereunder, or the right to sell same, Seller shall cause all such claims to be paid at Closing. Seller shall provide documentation that is satisfactory to the satisfaction with this Section.

ARTICLE V COVENANTS OF SELLER AND PURCHASER

- 5.1 **Permitted Items.** At closing, all operations related to the Real Property and the operation of the Station shall be done as of closing between Seller and Purchaser.
- 5.2 **Utilities.** All utilities related to Seller's operation of the Business from the Premises (the "Utilities") shall be transferred to Purchaser. Seller shall cooperate in good faith with Purchaser to facilitate the transfer of the Utilities to Purchaser. Purchaser shall pay all expenses related to transfer or assignment of the Utilities.
- 5.3 **FCC Filing.** All necessary documents for the approval and assignment of the FCC license shall be completed and filed in a timely manner.

ARTICLE VI TERMINATION AND LIMITATIONS ON LIABILITY

- 6.1 **No Assumption of Liabilities.** It is acknowledged by the parties hereto that Purchaser shall not and does not by the execution of this Agreement or by the performance of its obligations hereunder, assume or agree to pay any liabilities or obligations of Seller other than those specified and provided for herein. Purchaser shall not, except as otherwise provided for in this Agreement, be responsible under any circumstances for Seller's accounts payable, or for any obligations or liabilities of the Business or to purchase any property from Seller subject to any obligation of Seller to any other person and Seller agrees to hold Purchaser harmless from all claims arising therefrom.
- 6.2 **Costs and Expenses.** Each party shall pay its own legal, accounting and other costs and expenses incurred respectively by such party incurred (a) prior to the

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Purchaser's Initials

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