

**ASSET PURCHASE AGREEMENT**

**by and between**

**ROBERT R. RULE D.B.A. RULE COMMUNICATIONS**

**and**

**LOVCOM, INC.**

**for the purchase and sale of**

**FM TRANSLATORS K286AY & K226CB**

## **ASSET PURCHASE AGREEMENT**

This Asset Purchase Agreement is made and entered effective as of November 20, 2015, by and between ROBERT R. RULE D.B.A. RULE COMMUNICATIONS, a Wyoming sole proprietorship ("Seller"), and LOVCOM, INC., a Wyoming for-profit corporation ("Buyer").

### **Recitals**

WHEREAS, Seller is licensee of FM Translator K286AY, Bondurant, Wyoming (FCC Facility ID No. 158524) and permittee of FM Translator K226CB, Big Piney, Wyoming (FCC Facility ID No. 157071) (each a "Translator" and together the "Stations" or the "Translators"), pursuant to authorizations (the "Stations' Authorizations") issued by the Federal Communications Commission ("FCC" or "Commission");

WHEREAS, Buyer wishes to purchase, and Seller wishes to sell, the Stations' Authorizations and other assets relating to the Stations as set forth below, subject to the prior approval of the FCC and the other terms and conditions set forth in this Agreement;

WHEREAS, Agreement is specifically entered into by Buyer for the purpose of effectuating a relocation of the Translators pursuant to the 250 mile waiver described by the FCC in *Revitalization of the AM Service*, FCC 15-142, released October 23, 2015 ("AM Revitalization"); and

WHEREAS, Buyer may file and prosecute at Buyer's option and cost FCC applications to be filed pursuant to Section 73.3517(a) of the Commission's rules and AM Revitalization to modify the facilities of the Stations to enable operations from transmitter sites of the Buyer's choice (the "Modification Construction Permit Applications").

NOW, THEREFORE, in consideration of the mutual benefits and covenants set forth below, the parties hereby agree as follows:

### **Section 1** **Purchase of Assets**

**1.1 Assets to be Sold.** On the Closing Date, Seller shall sell to Buyer, and Buyer shall purchase from Seller, the following assets (the "Stations' Assets"):

- (a) all of Seller's rights and interests in and to the Stations' Authorizations;  
and
- (b) all FCC records and other documentation in Seller's possession relating to the Translators.

**1.2 Excluded Assets.** Notwithstanding anything to the contrary in this Agreement, the Stations' Assets shall not include any tangible assets, or any rights, title, and interest therein, not listed in Section 1.1 of this Agreement and specifically shall not include any broadcasting equipment.

**1.3 Liabilities.** Buyer expressly does not, and shall not, assume or be deemed to have assumed, under this Agreement or otherwise by reason of the transactions contemplated hereby, any liabilities, obligations or commitments of Seller of any nature whatsoever arising during, or attributable to, any period of time on or prior to Closing.

**1.4 Deposit.** Buyer is delivering to Seller with this Agreement a deposit amount of \$11,250.00 for each Translator for a total deposit of TWENTY-TWO THOUSAND FIVE HUNDRED DOLLARS (\$22,500.00) (the "Deposit"). The amount of \$11,250.00 from the Deposit shall be applied to the Purchase Price for each Translator.

**1.5 Purchase Price.** The price to be paid by Buyer for each Translator shall be 22,500.00 for a total for both Translators of FORTY FIVE THOUSAND DOLLARS (\$45,000.00) (the "Purchase Price"). The Deposit for each Translator shall be applied to the Purchase Price for each Translator and the remaining amount for each Translator shall be payable to Seller at the Closing by bank check or wire transfer.

## **Section 2** **Date of Closing**

**2.1 Closing Date.** The closing of the transactions contemplated in this Agreement (the "Closing") shall take place on the date that is five (5) business days (the "Closing Date") after FCC Public Notice in its Daily Digest of FCC Consent to the assignment by Seller to Buyer of the Stations' Authorizations by initial order. In the event that FCC Consent to one of the Stations' Authorizations is received but the other is delayed, Closing with respect to the FCC Consent received shall occur separately in accord with the schedule set forth in this Section 2 of this Agreement.

**2.2 Closing Time and Location.** The Closing shall take place commencing at 10:00 a.m. local time at the business offices of Buyer, or at such other time, location and/or manner (including exchange of closing documents by facsimile or electronic transmission) agreeable to the parties.

## **Section 3** **Seller's Representations and Warranties**

Seller hereby represents and warrants to Buyer as follows:

**3.1 Organization, Authorization and Binding Obligation.** Seller is a sole proprietorship doing business as Rule Communications. Seller has full power and authority to

enter into and perform this Agreement and the transactions contemplated hereby. The execution, delivery and performance of this Agreement by Seller have been duly and validly authorized by all necessary action on its part. This Agreement constitutes Seller's valid, legal and binding obligation, enforceable against Seller in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally, and subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

**3.2 Absence of Conflicting Agreements or Required Consents.** Seller's execution, delivery and performance of this Agreement (a) does not require the consent of any third party, except for the FCC Consent; (b) will not violate any provision of any agreement to which Seller is a party; (c) to the best of Seller's knowledge, will not violate any applicable law, judgment, order, injunction, decree, rule, regulation or ruling of any governmental authority; (d) will not, either alone or with the giving of notice or the passage of time or both, conflict with, constitute grounds for termination of, or result in a breach of the terms, conditions, or provisions of, or constitute a default under, any agreement, instrument or permit; (e) will not result in the creation of any lien, charge or encumbrance on any of the Stations' Assets; and (f) will not in any way affect or violate the terms or conditions of, or result in the cancellation, modification, revocation or suspension of, any of the Stations' Authorizations.

**3.3 Litigation.** There is no litigation or proceeding pending or, to the best of its knowledge, threatened against Seller in any federal, state or local court, or before any administrative agency (including, without limitation, any proceeding which seeks the revocation or forfeiture of or opposes or challenges the renewal of any of the Stations' Authorizations), which would have a material adverse effect upon the ability of the parties hereto to consummate the transactions contemplated in this Agreement or which seeks to enjoin or prohibit, or otherwise questions the validity of, any action taken or to be taken pursuant to or in connection with this Agreement.

**3.4 Liabilities.** There are no liens or encumbrances against the Stations' Assets.

**3.5 Stations' Authorizations.** Seller is the authorized legal holder of the Stations' Authorizations. Subject to the Communications Act of 1934 (the "Communications Act"), and the rules and regulations promulgated thereunder (the "FCC Rules and Regulations"), the Stations' Authorizations are assignable from Seller to Buyer.

**3.6 Compliance With Laws.** With respect to the Stations and the Stations' Authorizations, Seller has not received any notice asserting any non-compliance in any material respect by it with any applicable statute, rule or regulation, federal, state or local, or any agency thereof, having jurisdiction over it.

**3.7 Insolvency.** No insolvency proceedings of any nature, including without limitation, bankruptcy, receivership, reorganization, composition, arrangement with creditors, voluntary or involuntary, affecting Seller are pending, and Seller has made no assignment for the

benefit of creditors, nor, to its knowledge, has any person taken any action with a view to the institution of any insolvency proceedings.

**3.8 Brokers.** Seller has not retained any brokers who are entitled to any commission or finder's fee in connection with the transactions contemplated by this Agreement.

## **Section 4**

### **Buyer's Representations and Warranties**

Buyer represents and warrants to Seller as follows:

**Organization, Authorization and Binding Obligation.** Buyer is duly organized, validly existing and in good standing under the laws of the State of Wyoming with full power and authority to enter into and perform this Agreement and the transactions contemplated hereby. This Agreement constitutes Buyer's valid, legal and binding obligation, enforceable against Buyer in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally, and subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

**4.1 Absence of Conflicting Agreements or Required Consents.** Buyer's execution, delivery and performance of this Agreement (a) does not require the consent of any third party, except for the FCC Consent; (b) will not violate any provision in any of its governing documents; (c) to the best of Buyer's knowledge, will not violate any applicable law, judgment, order, injunction, decree, rule, regulation or ruling of any governmental authority; and (d) will not, either alone or with the giving of notice or the passage of time or both, conflict with, constitute grounds for termination of, or result in a breach of the terms, conditions, or provisions of, or constitute a default under, any agreement, instrument or permit.

**4.2 FCC Qualifications.** Buyer has no knowledge of any facts which would, under present law, including the Communications Act and the FCC Rules and Regulations, disqualify Buyer as an assignee of the Stations' Authorizations or as an owner and/or operator of the Stations' Assets, and Buyer will not take, or unreasonably fail to take, between now and the Closing Date any action which Buyer knows or has reason to know would cause such disqualification. Buyer is legally, financially and otherwise qualified to be the licensee or permittee of, and to acquire, own and operate the Stations under the Communications Act and the FCC Rules and Regulations. Buyer's qualifications to be a licensee or permittee of the Stations is conditioned upon Seller's satisfactory assignment to Buyer of written consent to continue carriage of the primary stations current specified by the Translators.

**4.3 Litigation.** There is no litigation or proceeding pending or, to the best of its knowledge, threatened against Buyer in any federal, state or local court, or before any administrative agency, which would have a material adverse effect upon the ability of the parties hereto to consummate the transactions contemplated in this Agreement or which seeks to enjoin

or prohibit, or otherwise questions the validity of, any action taken or to be taken pursuant to or in connection with this Agreement.

**4.4 Brokers.** Buyer has not retained any brokers who are entitled to any commission or finder's fee in connection with the transactions contemplated by this Agreement.

## **Section 5**

### **Pre-Closing Covenants**

**5.1 Pre-Closing Covenants of Seller.** Between the date hereof and the Closing Date, except as contemplated by this Agreement or with the prior written consent of Buyer:

- (a) Affirmative Covenants. Seller shall:
  - (i) Notify Buyer of any litigation or administrative proceeding pending or, to its knowledge, threatened against Seller which is likely to delay or otherwise interfere with Closing;
  - (ii) Cooperate with Buyer in the filing of the Modification Construction Permit Applications at the FCC when such applications are eligible to be filed pursuant to AM Revitalization;
  - (iii) Validly assign to Buyer the consent now held by Seller to continue to specify as primary stations the stations now specified by Seller as primary stations for the Translators until such time as Buyer is able to effectuate its moves of the Translators under the Modification Construction Permit Applications; and
  - (iv) Cooperate with Buyer in the filing at the FCC of any other submission such as a request for tolling of an unbuilt construction permit for the purpose of keeping the Authorizations valid and effective.
- (b) Negative Covenants. Seller shall not:
  - (i) Create, assume or permit to exist any mortgage, pledge, lien or other charge or encumbrance or rights affecting any of the Stations' Assets;
  - (ii) Sell, assign, lease or otherwise transfer or dispose of any of the Stations' Assets;
  - (iii) Seek to carry as a primary station on the Translators any AM station other than an AM station owned by Buyer;

- (iv) Waive any material right relating to the Stations or the Stations' Assets;
- (v) Take any other action inconsistent with its obligations under this Agreement or which could hinder or delay the consummation of the transactions contemplated by this Agreement;
- (vi) Agree to or participate in any minor modification or other filing with the FCC with respect to the Station except as otherwise provided for in this Agreement; or
- (vii) Either itself or through any of its officers, directors, shareholders, employees, agents or any other person or entity acting on Seller's behalf, directly or indirectly, solicit or initiate any offer from, or conduct any negotiations with, any person or entity other than Buyer or its assignee(s) concerning the direct or indirect acquisition of the Stations.

**5.2 Pre-Closing Covenant of Buyer.** Between the date hereof and the Closing Date, Buyer shall:

- (a) Assist Seller through its counsel with the preparation of Seller's portion of the FCC Form 345 application required to seek FCC Consent;
- (b) Assist Seller with the preparation of any tolling request for an unbuilt construction permit; and
- (c) not directly or indirectly control, supervise or direct the operations of the Stations. Such operations, including complete control and supervision of all programs, employees, policies and finances, shall be the sole responsibility of Seller.

## **Section 6** **FCC Applications**

**6.1 AM Revitalization.** Seller and Buyer each agree to cooperate with each other prior to Closing in the effectuation of such moves under AM Revitalization to the end that, at Buyer's choice, one of the Translators carries KROE(AM), Sheridan, Wyoming as its primary station, and the other Translator carries KWYO(AM), Sheridan, Wyoming as its primary station, provided that any expense reasonably incurred by Seller in such cooperation is reimbursed to Seller by Buyer.

**6.2 FCC Consent.** The assignment of the Stations' Authorizations from Seller to Buyer as contemplated by this Agreement is subject to the prior consent and approval of the FCC (the "FCC Consent") pursuant to an application to be filed by Seller and Buyer (the "Assignment

Application”). The Assignment Application shall be filed within ten (10) business days after the date of this Agreement, and thereafter Seller and Buyer shall each fully prosecute the Assignment Application with all diligence and shall otherwise use their reasonable best efforts to obtain the grant of such Assignment Application as expeditiously as practicable. Buyer shall authorize its counsel to assist Seller in the preparation and filing of the Assignment Application. The FCC filing fee for the Assignment Application shall be paid by Buyer. Buyer and Seller shall notify each other of all documents filed with or received from any governmental agency with respect to this Agreement or the transactions contemplated hereby. Buyer and Seller shall furnish each other with such information and assistance as the other may reasonably request in connection with their preparation of any of the governmental filings hereunder provided that Buyer shall reimburse Seller for its expenses in any such assistance.

**6.3 Modification Construction Permit Applications.** Seller shall cooperate with Buyer in the filings of the Modification Construction Permit Applications prior to the Closing of this transaction when such applications are eligible to be filed pursuant to AM Revitalization. This Section 6.3, for the purposes of Section 73.3517(a) of the Commission’s rules, specifically grants permission to the Buyer to file such applications. Seller makes no representations or warranties that the Modification Construction Permit Applications can or will be granted, and the filing or the lack of filing, or the grant or lack of grant, of the Modification Construction Permit Applications shall have no effect whatsoever upon the parties obligations hereunder. Buyer shall pay all costs of the engineering and technical studies, and preparation of the FCC Form 349s, to be performed by a consultant of Buyer’s selection, for the purposes of the Modification Construction Permit Applications.

**6.4 Tolling.** Buyer shall join with Seller in the preparation and filing of any tolling notifications or submissions pursuant to Section 73.3598 of the Commission’s rules and footnote 36 of AM Revitalization required to keep the K226CB Authorization that is an unbuilt construction permit from expiring prior to Buyer’s opportunity to construct, and Buyer shall authorize its counsel to submit such filings on Seller’s behalf.

## **Section 7**

### **Instruments of Conveyance and Transfer**

At Closing, Seller shall deliver to Buyer instruments effecting the sale, transfer, assignment and conveyance of Seller’s right, title and interest in and to the Stations’ Assets to Buyer pursuant to the terms of this Agreement, including without limitation the following:

**7.1 Assignment of Authorizations.** An assignment of all right, title and interest in and to the Stations’ Authorizations to be assigned pursuant to Section 1.1(a) of this Agreement;

**7.2 Further Instruments.** Further instruments and documents that may be reasonably necessary to effectuate the transactions contemplated under this Agreement.

## **Section 8**

### **Payment of Purchase Price**

At Closing, Buyer shall pay the Purchase Price in accordance with Section 1.5 of this Agreement.

## **Section 9**

### **Parties' Expenses.**

Except as provided in Section 6 with regard to the Assignment Application and Modification Construction Permit Applications, each party shall pay all of its own legal, accounting and other expenses which it incurs in connection with the transactions contemplated herein.

## **Section 10**

### **Pre-Closing Remedies**

**10.1 Seller's Breach.** In the event of a material default by Seller in the observance or performance of any term or covenant hereunder or a material breach by Seller of any material term, representation, warranty or covenant hereunder, which is not cured by the earlier of the Closing Date or within twenty (20) days after written notice from Buyer, Buyer may bring an action to enforce the terms of this Agreement by decree of specific performance (subject to obtaining any necessary FCC consent), it being agreed that the Stations' Assets include unique property that cannot be readily obtained on the open market and that Buyer will be irreparably injured if this Agreement is not specifically enforced. Seller agrees to waive the defense in any such action for decree of specific performance that Buyer has an adequate remedy at law and to interpose no opposition, legal or otherwise, as to the propriety of specific performance as a remedy.

**10.2 Buyer's Breach.** In the event of a material default by Buyer in the observance or performance of any term or covenant hereunder or a material breach by Buyer of any material term, representation, warranty or covenant hereunder, which is not cured by the earlier of the Closing Date or within ten (10) days after written notice from Seller, Seller may terminate this Agreement and keep the Deposit as its sole remedy.

**10.3 Termination.** Without limiting the right of either party to terminate this Agreement as otherwise provided herein, this Agreement may be terminated prior to Closing upon written notice to the other, provided that the terminating party is not then in breach or default of this Agreement, if the Closing shall have not occurred on or prior to the date eighteen (18) months after the date of this Agreement, and such failure to close is not the fault, directly or indirectly, of the terminating party. The termination of this Agreement shall not relieve either party of any liability for breach or default under this Agreement prior to the date of termination. In the event of a termination occurring pursuant to this Section 10.3 and neither party is in breach or default of this Agreement, Seller shall return the Deposit to the Buyer upon such termination.

## **Section 11**

### **Miscellaneous**

**11.1 Survival of Representations and Warranties.** Other than as specifically provided in this Agreement, the representations and warranties in this Agreement shall survive Closing for a period of six months from the Closing Date. If within such six month time period one party gives the other party written notice of a claim for breach thereof describing in reasonable detail the nature and basis of such claim, then such claim shall survive until the earlier of resolution of such claim or expiration of the applicable statute of limitations. The covenants and agreements in this Agreement shall survive Closing until performed.

**11.2 Assignment.** Neither Seller nor Buyer may assign its rights and obligations hereunder without the written consent of the party not seeking an assignment. The rights and obligations of the parties hereunder shall inure to the benefit of, and shall be binding upon, each of the parties hereto and their respective successors and permitted assigns.

**11.3 Construction and Venue for Legal Actions.** This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Wyoming without regard to choice of laws principles. Each party submits to the jurisdiction of any court sitting in Cheyenne, Wyoming in any action or proceeding arising out of or relating to this Agreement and agrees that all claims in respect of the action or proceeding may be heard and determined in any such court. Each party waives any defense of inconvenient forum or lack of personal jurisdiction to the maintenance of any action or proceeding so brought and waives any bond, surety, or other security that might be required of the other party with respect thereto.

**11.4 Attorneys' Fees and Costs.** Should any party default in the performance of any of the terms or conditions of this Agreement, which default results in the filing of a lawsuit or any action, the prevailing party in such lawsuit shall be entitled to reasonable attorneys' fees and costs as shall be determined by the court.

**11.5 Notices.** All notices, demands, and requests required or permitted to be given under the provisions of this Agreement shall be in writing and shall be sent for next business day delivery by USPS Express Mail, Federal Express or similar recognized overnight courier service with all charges prepaid, and shall be deemed to have been duly delivered and received on the next business day after being sent. All such notices, demands, and requests shall be addressed as follows:

If to Seller:

Robert R. Rule  
Rule Communications  
PO Box 2000 (if by US Mail)  
219 East Pine Street, Suite 112 (if by UPS or Fed Ex)  
Pinedale, WY 82941-2000  
Phone: (307) 367-3333

If to Buyer:

Lovcom, Inc.  
1716 KROE Lane  
Sheridan, Wyoming 82801  
Attn: Robert Grammens

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

John F. Garziglia, Esq.  
Womble Carlyle Sandridge & Rice, LLP  
1200 19<sup>th</sup> Street, N.W. Suite 500  
Washington, DC 20036

or at such other address as either party shall specify by written notice to the other.

**11.6 Multiple Counterparts.** This Agreement may be signed in two counterparts, each of which shall be deemed an original, but together shall constitute one and the same agreement. All of such counterpart signature pages shall be read as though all of the signers had signed a single signature page. This Agreement may be signed and exchanged by facsimile transmission or by scanned PDF, with the same legal effect as if the signatures had appeared in original handwriting on the same physical document.

**11.7 Entire Agreement.** This Agreement represents the entire understanding of the parties with respect to the subject matter hereof, supersedes all other and prior memoranda and agreements between the parties with respect to such subject matter and may not be modified or amended except by a written instrument signed by all of the parties hereto.

**11.8 Captions.** The section captions and headings in this Agreement are for convenience and reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

**11.9 No Waiver.** Unless otherwise specifically agreed in writing to the contrary: (a) the failure of any party at any time to require performance by another party of any provision of this Agreement shall not affect such party's right thereafter to enforce the same; (b) no waiver by

any party of any default by another party shall be taken or held to be a waiver by such party of any other preceding or subsequent default; and (c) no extension of time granted by any party for the performance of any obligation or act by another party shall be deemed to be an extension of time for the performance of any other obligation or act hereunder.


**11.10 Further Assurances.** From time to time after Closing at another party's request and without further consideration, a party shall execute and deliver such further instruments of conveyance, assignment and transfer, and take such other actions as the requesting party may reasonably request, in order to more effectively convey and transfer any of the Stations' Assets.

**11.11 Investigations.** No inspection or investigation made by or on behalf of Buyer, or Buyer's failure to make any inspection or investigation, shall affect Seller's representations, warranties, and covenants set forth in this Agreement, or be deemed to constitute a waiver of any of those representations, warranties, and covenants.

**11.12 Severability.** If any court or governmental authority holds any provision in this Agreement invalid, illegal or unenforceable under any applicable law, then, so long as no party is deprived of the benefits of this Agreement in any material respect, this Agreement shall be construed with the invalid, illegal or unenforceable provision deleted and the validity, legality and enforceability of the remaining provisions contained herein shall not be affected or impaired thereby.

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the date first set forth above.

**ROBERT R. RULE D.B.A. RULE  
COMMUNICATIONS**

By:   
Robert R. Rule  
Sole Proprietorship

**LOVCOM, INC.**

By: \_\_\_\_\_  
W.K. Love  
President

any party of any default by another party shall be taken or held to be a waiver by such party of any other preceding or subsequent default; and (c) no extension of time granted by any party for the performance of any obligation or act by another party shall be deemed to be an extension of time for the performance of any other obligation or act hereunder.

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**ROBERT R. RULE D.B.A. RULE  
COMMUNICATIONS**

By: \_\_\_\_\_  
Robert R. Rule  
Sole Proprietorship

**LOVCOM, INC.**

By: W.K. Love  
W.K. Love  
President