

## AGREEMENT – ASSET PURCHASE

This Agreement is made and entered into this \_\_\_\_ day of August, 2013, by and between **ARNOLD BROADCASTING COMPANY, INC.** a Colorado corporation, **WILLIAM G. ARNOLD**, and **JUDITH L. ARNOLD**, hereinafter referred to as “Sellers,” and **MEDIA LOGIC, LLC**, a Colorado limited liability company, hereinafter referred to as “Buyer” and **WAYNE JOHNSON** and **CAROL JOHNSON** as “Guarantors,”

WITNESSETH:

### Recitals:

A. Seller Arnold Broadcasting Company, Inc. is the owner of the non-real property assets and is the licensee and operator of the radio stations KNNG, and KSTC in Sterling, Colorado and KNEC in Yuma, Colorado (“Stations”), and with a translator in Sidney, Nebraska, identified as K276CX (“Translator”); and

B. Seller Arnold Broadcasting Company, Inc. holds valid authorizations for the operation of the Stations and Translator from the Federal Communications Commission (“FCC”); and

C. Subject to and conditioned upon the consent of the FCC, Seller Arnold Broadcasting Company, Inc. desires to sell and the Buyer desires to purchase the Stations and Translator, and substantially all of the business assets, business name and rights of the Seller used in connection with the operation of the Stations and Translator (“Business Assets”); and

D. Sellers William G. Arnold and Judith L. Arnold are the owners of real property located in the County of Logan, State of Colorado as described in Exhibit A, attached hereto and incorporated herein by reference (“Real Property”).

E. Subject to and conditioned upon the consent of the FCC to allow transfer of the Stations and Translator to Buyer, Sellers William G. Arnold and Judith L. Arnold desire to sell and the Buyer desires to purchase the Real Property; and

F. The parties do hereby enter into this Agreement to set forth the terms and conditions of the contemplated purchase and sale of the Business assets and Real Property.

### Agreement:

#### 1. SALE AND BUSINESS ASSETS DESCRIPTION.

- 1.1 Included Assets. At closing, Seller Arnold Broadcasting Company, Inc. shall transfer to Buyer all of its right title and interest in and to the following Business Assets:

- 1.1.1 *Authorizations and Licenses.* The licenses, permits, and authorizations (“Licenses”) issued by the FCC or any other governmental authority including the Federal Aviation Administration (“FAA”), used or intended for use in the operations of the Stations and Translator, as described in the Licenses and Authorization Schedule, attached hereto as Exhibit B and incorporated herein by reference, and to include the rights to the call letters KNEC-FM, KNNG-FM, and KSTC-AM, and the rights to the Translator K276CX.
- 1.1.2 *Leases and Agreements.* Agreements, leases, and commitments relative to the operation of the Stations and Translator, including those listed in the Leases and Agreements Schedule, attached hereto as Exhibit C and incorporated herein by reference, made or entered into by Seller Arnold Broadcasting Company, Inc. in the ordinary course of business and approved by the Buyer between the date of this Agreement and Closing.
- 1.1.3 *Personal Property.* Tangible personal property owned by Seller Arnold Broadcasting Company, Inc. and used in the operation of the Stations and Translator, as described in the Personal Property Schedule, attached hereto as Exhibit D and incorporated herein by reference.
- 1.1.4 *Records.* All public inspection files, FCC files, engineering logs and files, and advertising agreements between the Stations and advertisers in effect on the date of Closing.
- 1.2 Excluded Assets. The following assets are not subject to this Agreement.
  - 1.2.1 *Cash and Cash Equivalents.* Sellers’ cash and cash equivalents that are on hand as of the date of Closing; all accounts receivable for advertising broadcast over the Stations prior to the date of Closing; any and all insurance policies, letters of credit, and other similar items, including cash surrender value in regard to them; and any stocks, bonds, certificates, deposits and investments.
  - 1.2.2 *Books and Records Required to be Retained.* Books and records, except those listed in paragraph 1.1.4 of this Agreement, which Sellers are required by law to retain and such books and records of Sellers not exclusively related to the operation of the Stations and Translator, including Seller Arnold Broadcasting Company, Inc.’s corporate records.
  - 1.2.3 *Tax or Other Refunds.* Any tax refunds or other refunds of any nature that are due to one or all Sellers in connection with the operation of the Stations, Translator or Real Property before the date of Closing.
  - 1.2.4 *Other Assets.* Any assets not specifically listed in paragraph 1.1.

1.2.5 *Rights Including in this Agreement.* The Sellers' rights included in this Agreement.

1.2.6 *Yuma Tower.* The tower located at or near Yuma, Colorado; subject to the provisions of paragraph 3.7.

1.3 Liens. Seller Arnold Broadcasting Company, Inc. agrees to convey the included assets specifically listed in paragraph 1.1 at Closing free and clear of all liens, charges, and encumbrances.

1.4 Assumed Liabilities: Buyer agrees to assume Sellers' agreements, duties and obligations of Sellers listed in the Leases and Agreements Schedule (Exhibit C) and, except for Sellers' agreements, duties and obligations of the agreements listed in the Leases and Agreements Schedule (Exhibit C), Buyer expressly does not assume any other liabilities, obligations, or commitments of the Sellers or any nature whatsoever.

1.5 Purchase Price of Business Assets: Pursuant to the terms set forth in paragraph 3 of this Agreement, Buyer agrees to pay the purchase price of \$300,000.00 U.S. Dollars for Buyer's purchase from Seller Arnold Broadcasting Company, Inc. of the Business Assets.

## 2. SALE AND REAL PROPERTY DESCRIPTION.

2.1 Agreement to Purchase/Sell: Sellers William G. Arnold and Judith L. Arnold agree to sell and Buyer agrees to buy the Real Property described in Exhibit A located in the County of Logan, State of Colorado

2.2 Real Property Description. At Closing Sellers William G. Arnold and Judith L. Arnold shall convey to Buyer, free and clear of all liens, charges and encumbrances, by *Special Warranty Deed* prepared by Sellers' attorney, the Real Property, together with all and singular the hereditaments and appurtenances thereunto belonging, or in anywise appertaining.

2.3 Purchase Price of Real Property. Pursuant to the terms set forth in paragraph 3 of this Agreement, Buyer agrees to pay the purchase price of \$450,000.00 U.S. Dollars for Buyer's purchase from Sellers William G. Arnold and Judith L. Arnold of the Real Property.

## 3. ESCROW AND PAYMENT.

3.1 Escrow. At execution of this agreement by Buyer and Sellers, Buyer shall deposit escrow funds in the amount of \$50,000.00 to be held in an escrow account with a mutually acceptable escrow agent. Upon the Closing in accordance with the terms of this Agreement, the escrow funds shall be released to the Seller as part of the purchase price, except that any interest shall be paid to the Buyer. In the event

Buyer is in default under the terms of this Agreement, and Sellers are not in default, the escrow funds shall be paid and delivered to Sellers. If the Closing does not occur for any reason other than the Buyer's default of this Agreement, the escrow funds shall be paid and delivered to Buyer.

3.2 Payment Due at Closing. Buyer shall deliver to Sellers at Closing in the form of cash or other certified funds, the sum of \$250,000.00.

3.3 Promissory Note. At Closing, Buyer shall execute a Promissory Note in favor of Sellers William G. Arnold and Judith L. Arnold in the amount of \$450,000.00 to accrue interest at the rate of 6.0% per annum to be amortized for a monthly payment of principal and interest for a term of 10 years with a balloon payment of all principal and interest to be due and payable at the end of the 7<sup>th</sup> year. Monthly payments are to begin the first month after Closing.

If any payment to be made pursuant to the Promissory Note is not received by Sellers within 5 calendar days after its due date, a late charge of 10% of such payment shall be due from Buyer to Sellers. The Promissory Note shall be secured by a Deed of Trust encumbering the Real Property and a Security Agreement with associated Uniform Commercial Code filings encumbering the Business Assets, accounts receivable, and income associated with and derived from operation of the Stations and Translator. The provisions of this paragraph 3.3 shall survive the Closing.

3.4 Second Position. Sellers agree to assume a second position to a financial institution designated by Buyer as financing Buyer's payment at closing with Sellers to have a second position lien on all real and personal property assets which are the subject of this Agreement. The provisions of this paragraph 3.4 shall survive the Closing.

3.5 Personal Guaranties: As additional security for the Promissory Note and Buyer's performance of all of Buyer's obligations associated with this Agreement, Guarantors each agree to execute a personal guaranty in the amount of \$450,000.00 in a form substantially consistent with the Guaranty form provided in Exhibit E. The provisions of this paragraph 3.5 shall survive the Closing.

3.6 Life Insurance Policy. Buyer and Wayne Johnson agree that beginning on the Date of Closing and continuing during the existence of the Promissory Note, Wayne Johnson shall obtain and keep in effect a life insurance policy payable in an amount not less than \$450,000.00 which designates William G. Arnold and Judith L. Arnold as collateral assignees entitling William G. Arnold and Judith L. Arnold to policy proceeds equal to the outstanding balance due on the Promissory Note at the death of Wayne Johnson. The provisions of this paragraph 3.6 shall survive the Closing.

3.7 Yuma Tower Antenna and Transmitter. The Antenna, Cable and Transmitter located on the Yuma Tower are included in the sale of assets. At Closing, Buyer

will assume the land lease associated with the Yuma tower site and the cost of the Yuma Tower land lease. If within one year from Date of Closing, Buyer relocates the antennae, cable and transmitter currently located on the Yuma tower site to another location, Buyer will transfer all right, title and interest Buyer has in the Yuma tower and the land lease associated with the Yuma tower to Seller, and Seller will pay Buyer \$7,500.00. The provisions of this paragraph 3.7 shall survive the Closing.

3.8 Cost of Heating and Air Conditioning Repair. Sellers have previously disclosed to Buyer that the heating and air conditioning system at the office building with address of \_\_\_\_\_ is currently functioning but is not up to capacity. Buyer and Sellers agree that Buyer shall be allowed to retain \$7,000.00 of the Purchase Price for the repair or replacement of the heating and air conditioning system at the office building. Buyer shall have the duty and responsibility to arrange for and complete the repair or replacement of the heating and air conditioning system at the office building. Buyer agrees to assume the cost of repairing or replacing the hearing and air conditioning for the office building. Any portion of the \$7,000.00 not required for repair or replacement of the heating and air conditioning system at the office building shall be paid by Buyer to Sellers William G. Arnold and Judith L. Arnold. Buyer, at Buyer's sole expense, shall be responsible for all costs of repair or replacement of the heating and air conditioning for the office building in excess of \$7,000.00

If repair or replacement of the heating and air conditioning system at the office building is not completed within 90 days after Date of Closing, on the 91<sup>st</sup> day after Date of Closing, Buyer shall pay the entire \$7,000.00 to Sellers William G. Arnold and Judith L. Arnold and take said heating and air conditioning system as is. The provisions of this paragraph 3.8 shall survive the Closing.

4. APPRAISAL. Buyer, at Buyer's sole option and expense, may obtain an appraisal of the Business Assets or Real Property. Buyer and Sellers agree that this Agreement and Buyer's purchase of the Business Assets and Real Property is not contingent upon an appraisal of the Business Assets or Real Property or the results of any appraisal of the Business Assets or Real Property obtained by Buyer.

5. SURVEY. Buyer, at Buyer's sole option and expense, may obtain a survey of the Real Property. Buyer and Sellers agree that this Agreement and Buyer's purchase of the Business Assets and Real Property is not contingent upon a survey of the Real Property or the results of any survey of the Real Property obtained by Buyer.

6. PRORATIONS. The following shall be prorated to the date of Closing:

6.1 Taxes. Personal property taxes, special taxing district assessments, and any general real estate taxes for the year of Closing.

- 6.2 Rents. The rents due to or paid by Sellers shall be prorated to the date of Closing based upon the lease terms for the year of Closing.
- 6.3 License Expenses. The license fees and expenses shall be prorated to the date of Closing based upon the amount due and owing in the year of Closing.
- 6.4 Utilities and Other Prorations. Water, sewer, electricity, trash, and other utility charges shall be prorated to the date of Closing.
- 6.5 Final Settlement. Unless otherwise agreed to in writing, the prorations set forth in paragraph 6 shall be final.

7. CLOSING.

- 7.1 FCC Approval. Consummation as required hereunder (the Closing) is conditions upon the grant of the FCC Final Order (as defined hereafter) consenting to the assignment of the FCC license from Seller Arnold Broadcasting Company, Inc. to the Buyer ("FCC Assignment Application").

Sellers and Buyer agree to proceed expeditiously following the execution of this Agreement, and in any event no later than 5 business days after the date of this Agreement, to file or cause to be filed an FCC Assignment Application and to prosecute such application in good faith and with due diligence. If the grant of the FCC Assignment Application imposes any condition on any party thereto, such party shall use reasonable efforts to comply with any condition that would have material adverse effect as determined by the party affected in the exercise of its reasonable judgment. If reconsideration or judicial review is sought with respect to the FCC's grant of the FCC Assignment Application, the party affected shall use the party's best efforts to oppose such efforts for reconsideration or judicial review.

If the FCC has not issued its Final Order within 6 months after the filing of the FCC Assignment Application, the Buyer and Sellers may terminate this Agreement upon 15 days' prior written notice to the other provided that the canceling party is not in default or breach of this Agreement, it being the intent of the Sellers and Buyer that the Closing of the transactions contemplated by this Agreement is expressly conditioned on the FCC Assignment Application becoming a Final Order.

Final Order shall mean an action by the FCC which has not been vacated, reversed, stayed, set aside, annulled or suspended, with respect to which no timely appeal, request for stay or petition for rehearing, reconsideration, or review by any party or by the FCC on its own motion is pending, and as to which the time for filing any such appeal, request, or petition, or similar document or for the reconsideration or review by the FCC on its own motion under the

Communications Act of 1934, as amended, and the rules and regulations of the Commission, has expired.

- 7.2 Closing Date. The Closing shall take place at a time, date and place agreed upon by the Buyer and Sellers and shall be no later than 5 business days after the date that the FCC grant becomes a Final Order ("Closing Date").
- 7.3 Payment of Encumbrances. Any encumbrance required to be paid by this Agreement shall be paid before or at Closing from the proceeds of this transaction or from any other source.
- 7.4 Expenses. Buyer and Seller Arnold Broadcasting Company, Inc. each agree to pay one-half of the FCC filing fees relative to the FCC Assignment Application. Buyer and Seller Arnold Broadcasting Company, Inc. each agree to pay one-half of the cost of the title insurance and closing costs. Buyer and Sellers each agree to pay their own legal expenses, accounting expenses, and any and all costs and expenses not specified with respect to the sale and purchase and other matters contemplated by this Agreement. The provisions of this paragraph 7.4 shall survive the Closing.
- 7.5 Possession and Control of the Stations and Translator at Closing. Seller Arnold Broadcasting Company, Inc. shall have complete control of the Stations, Translator and Business Assets until FCC Final Order and Closing. Sellers William G. Arnold and Judith L. Arnold shall have possession and complete control of the Real Property until FCC Final Order and Closing. Buyer shall not be responsible for the FCC Licensee of the Stations and Translator until Closing.

8. REPRESENTATIONS AND WARRANTIES.

- 8.1 Seller Arnold Broadcasting Company, Inc. Representations and Warranties. Seller Arnold Broadcasting Company, Inc. represents and warrants to Buyer that:
  - 8.1.1 *Authority.* Seller Arnold Broadcasting Company, Inc. through its agent, William G. Arnold, has the power and authority to own, operate and lease its property, to carry on the business as now being conducted and to enter into this Agreement and, following FCC approval, perform its obligations under this Agreement. This Agreement and all other agreements or instruments delivered in connection with the transactions contemplated hereby related to the Business Assets are binding on Seller Arnold Broadcasting Company, Inc. according to their terms.
  - 8.1.2 *Any Breach Will be Cured Before or At Closing.* Before or at Closing, Seller Arnold Broadcasting Company, Inc. will have cured any breach or default of any contract, lease or arrangement to which Seller is a party and of which will be assigned to Buyer pursuant to this Agreement. Seller

Arnold Broadcasting Company, Inc. will be responsible for the performance of its contracts, leases and arrangements until Closing.

- 8.1.3 *Closing Will Not Breach Contracts, Leases or Arrangements.* Seller Arnold Broadcasting Company, Inc. represents that its performance at Closing will not violate any provision of law, or conflict with or result in any breach of any of the terms or conditions of, or constitute a default under any indenture, mortgage, agreement or other instrument to which Seller Arnold Broadcasting Company, Inc. is a party or by which it is bound (other than the obligations to be released at Closing and leases or other contracts to be assumed or transferred to Buyer with appropriate consents).
- 8.1.4 *Business Assets Suitable.* Seller Arnold Broadcasting Company, Inc. is not aware of any Business Assets being sold which are not suitable for continued use in the manner in which they are presently operated without the need for repairs or replacement, other than those Seller Arnold Broadcasting Company, Inc. agrees to perform before Closing. Seller Arnold Broadcasting Company, Inc. agrees to provide, at its sole expense, necessary repair or service of the Business Assets in compliance with FCC rules and regulations up to the date of Closing.
- 8.1.5 *Asset Schedules.* The schedules to this Agreement list all Business Assets (excepting excluded assets) used or useful for the performance of any agreement being assumed by Buyer and for the lawful conduct of Seller Arnold Broadcasting Company, Inc.'s business. All schedules are true, accurate and complete.
- 8.1.6 *Pending Actions at Date of Closing.* With the exception of any general rule-making proceedings and pending congressional legislation relating generally to the industry, Seller Arnold Broadcasting Company, Inc. represents that it will resolve by the date of Closing any actions, suits, proceedings or investigations which now may be pending, or its knowledge, threatened against Seller Arnold Broadcasting Company, Inc., which may materially adversely affect the Business Assets being sold.
- 8.1.7 *Representations.* No representation or warranty made by Seller Arnold Broadcasting Company, Inc. or any written statement, including financial statements, furnished to Buyer pursuant to this Agreement or in connection with the transactions contemplated contained any untrue statement or material fact.
- 8.1.8 *Taxes on Business Assets.* Seller Arnold Broadcasting Company, Inc. shall be responsible for all federal and state income taxes, employment taxes and withholding and sales and use taxes associated with the use of the Business Assets by Seller Arnold Broadcasting Company, Inc. up to



the date of Closing, and upon execution of this Agreement will file all required reports and returns prior to their due date. Seller Arnold Broadcasting Company, Inc. has timely filed all federal and state income tax returns relating to the operations of Seller Arnold Broadcasting Company, Inc., and there are no proceedings pending, nor to the knowledge of Seller Arnold Broadcasting Company, Inc. threatened, that would result in the imposition of additional federal or state income tax that might result in the filing of a lien on any of the Business Assets.

8.1.9 *Indemnification.* Seller Arnold Broadcasting Company, Inc. will indemnify and hold Buyer harmless from any claims, taxes, liabilities or causes of action, whether known or unknown, relating to the Business Assets which occur prior to the date of Closing, or which are not assumed by Buyer.

8.1.10 *Insurance.* Seller Arnold Broadcasting Company, Inc. has in full force and effect adequate fire, casualty, liability, and other insurance to prevent an adverse effect on the operation of the Stations and Translator should any such claim arise proper to Closing.

8.2 Sellers William G. Arnold and Judith L. Arnold Representations and Warranties. Sellers William G. Arnold and Judith L. Arnold represent and warrant to Buyer that:

8.2.1 *Authority.* Sellers William G. Arnold and Judith L. Arnold have the power and authority to own, operate and lease their Real Property and to enter into this Agreement and, following FCC approval, perform their obligations under this Agreement. This Agreement and all other agreements or instruments delivered in connection with the transactions related to the Real Property contemplated hereby are binding on Sellers William G. Arnold and Judith L. Arnold according to their terms.

8.2.2 *Any Breach Will be Cured Before or At Closing.* Before or at Closing, Sellers William G. Arnold and Judith L. Arnold will have cured any breach or default of any contract, lease or arrangement to which Sellers William G. Arnold and Judith L. Arnold are parties and of which will be assigned to Buyer pursuant to this Agreement. Sellers William G. Arnold and Judith L. Arnold will be responsible for the performance of their contracts, leases and arrangements until Closing.

8.2.3 *Closing Will Not Breach Contracts, Leases or Arrangements.* Sellers William G. Arnold and Judith L. Arnold represents that their performance at Closing will not violate any provision of law, or conflict with or result in any breach of any of the terms or conditions of, or constitute a default under any indenture, mortgage, agreement or other instrument to which Sellers William G. Arnold and Judith L. Arnold are parties or by which

they are bound (other than the obligations to be released at Closing and leases or other contracts to be assumed or transferred to Buyer with appropriate consents).

- 8.2.4 *Business Assets Suitable.* Sellers William G. Arnold and Judith L. Arnold is not aware of any Real Property being sold which are not suitable for continued use in the manner in which it is presently operated without the need for repairs or replacement, other than those Sellers William G. Arnold and Judith L. Arnold agree to perform before Closing. Sellers William G. Arnold and Judith L. Arnold agree to provide, at their sole expense, necessary repair or service of the Real Property in compliance with FCC rules and regulations up to the date of Closing.
- 8.2.5 *Pending Actions at Date of Closing.* With the exception of any general rule-making proceedings and pending congressional legislation relating generally to the industry, Sellers William G. Arnold and Judith L. Arnold represent that they will resolve by the date of Closing any actions, suits, proceedings or investigations which now may be pending, or their knowledge, threatened against Sellers William G. Arnold and Judith L. Arnold, which may materially adversely affect the Real Property being sold.
- 8.2.6 *Representations.* No representation or warranty made by Sellers William G. Arnold and Judith L. Arnold or any written statement, including financial statements, furnished to Buyer pursuant to this Agreement or in connection with the transactions contemplated contained any untrue statement or material fact.
- 8.2.7 *Taxes on Business Assets.* Sellers William G. Arnold and Judith L. Arnold shall be responsible for all real property taxes and assessments associated with the Real Property up to the date of Closing. Sellers William G. Arnold and Judith L. Arnold have timely filed all federal and state income tax returns relating to the Real Property, and there are no proceedings pending, nor to the knowledge of Sellers William G. Arnold and Judith L. Arnold threatened, that would result in the imposition of additional property tax or assessment that might result in the filing of a lien on any of the Real Property.
- 8.2.8 *Indemnification.* Sellers William G. Arnold and Judith L. Arnold. will indemnify and hold Buyer harmless from any claims, taxes, liabilities or causes of action, whether known or unknown, relating to the Real Property which occur prior to the date of Closing, or which are not assumed by Buyer.
- 8.2.9 *Insurance.* Sellers William G. Arnold and Judith L. Arnold have in full force and effect adequate fire, casualty, liability, and other insurance to

prevent an adverse effect on the Real Property should any such claim arise proper to Closing.

8.3 Buyer Representations and Warranties. Buyer represents and warrants to Sellers that:

8.3.1 Buyer has the power and authority to be involved in the ownership and operation of the Business, to enter into this Agreement, and perform its obligations under this Agreement. This Agreement is binding on Buyer according to its terms.

8.4 All representations and warranties of the parties contained in this Agreement shall survive the Closing.

9. INDEMNITY.

9.1 All parties agree that from and after the date of Closing they will indemnify and hold harmless the other party against any losses, claims, causes of action, breach of warranty or non-fulfillment of any provisions of this Agreement, to include the reasonable costs and expenses (including reasonable attorney's fees) incurred in connection with any action, suit, proceeding, demand, assessment or judgment incident to any of the matters for which the other party is responsible under this Agreement. The provisions of this paragraph 9.1 shall survive the Closing.

9.2 The remedies provided to Sellers and Buyer by this indemnity shall be in addition to and not in lieu of any other remedies to which the respective party is entitled for any breach or non-compliance of the other. The provisions of this paragraph 9.2 shall survive the Closing.

9.3 Sellers and Buyer each agree to give prompt written notice to the other of any claim that might give rise to a claim against the other party based on this indemnity agreement, stating the nature and basis of the claim and its actual or estimated amount. In the event any actions, suits or proceedings are brought against Sellers or Buyer with respect to which the other party may have liability, the indemnifying party shall have the right, at its sole cost and expense, to defend the action in the name and on behalf of the indemnified party. The parties agree to render to each other assistance as may reasonably be required in order to insure the proper and adequate defense of any action, suit or proceeding. The party seeking indemnification shall not make any settlement of any claim that might give rise to liability to the other party without the written consent of the other party, which consent will not be unreasonably withheld. The provisions of this paragraph 9.3 shall survive the Closing.

10. SELLER'S PERFORMANCE AT CLOSING.

10.1 Seller Arnold Broadcasting Company, Inc.'s Performance. At Closing Seller Arnold Broadcasting Company, Inc. will:

10.1.1 Deliver to the Buyer Assignment of the License.

10.1.2 Deliver to the Buyer a bill of sale in respect to the Business Assets.

10.1.3 Deliver to Buyer all necessary assignments of contracts, agreements, agreements and leases described in the Lease and Agreements Schedule (Exhibit C).

10.2 Sellers William G. Arnold and Judith L. Arnold's Performance. At Closing Sellers William G. Arnold and Judith L. Arnold will deliver to the Buyer a Special Warranty Deed for the Real Property.

11. BUYER'S PERFORMANCE AT CLOSING. At Closing Buyer will:

11.1 Pay to the Seller the Purchase Price and execute the Promissory Note and security instruments in accordance with paragraphs 2 and 3.

11.2 Deliver to Sellers an agreement assuming all liabilities to be assumed pursuant to this Agreement.

12. CONDITIONS TO PERFORMANCE OF OBLIGATIONS.

12.1 Buyer's obligation to close this Agreement shall be subject to Sellers' compliance on or before the Closing Date (or any extended Closing Date as the case may be) with the following conditions, any of which may be waived by the Buyer:

12.1.1 Sellers' representations and warranties contained in this Agreement shall be true in all material respects and Sellers shall perform and comply materially with all requirements of this Agreement.

12.1.2 There shall not have been instituted by any third party any suit or proceeding to restrain or invalidate this transaction or seek damages from or to impose obligations upon Buyer which, in Buyer's good faith judgment based upon the written advice of counsel, a copy of which shall be delivered to Sellers, would involve expense or lapse of time that would materially and adversely affect the Buyer's interest.

12.1.3 Sellers shall not have filed a bankruptcy proceeding, be insolvent, had a receiver appointed for the business or made an assignment for the benefit of creditors or bankruptcy.

12.1.4 The Business Assets shall not have been adversely affected in any material respect, whether or not covered by insurance, and there shall have been no

material change in the Stations and Translator or Business Assets, their financial condition or prospects that would have a material adverse effect on the Business Assets, Stations or Translator. Sellers shall have the risk of loss on all Business Assets prior to Closing.

12.1.5 Sellers shall have obtained all material consents, authorizations and permits necessary for the transfer of Business Assets and Real Property. Sellers shall pay all costs and expenses associated with obtaining these items. Buyer agrees to fully cooperate with the Sellers in obtaining these consents.

12.1.6 Sellers shall be able to provide to Buyer all licenses and all other material authorizations, and there shall not have been any modification that has a material adverse effect on either the Stations or the conduct of their business and operations.

12.2 Sellers' obligation to close shall be subject to Buyer's compliance on or before the Closing Date with the following conditions, any of which may be waived by Sellers:

12.2.1 Buyer's representations and warranties contained in this Agreement shall be true in all material respects and Buyer shall perform and comply materially with all requirements of this Agreement.

12.2.2 There shall not have been instituted by any third party any suit or proceeding to restrain or invalidate this transaction or seek damages from or to impose obligations upon Sellers which, in Sellers' good faith judgment based upon the written advice of counsel, a copy of which shall be delivered to Buyer, would involve expense or lapse of time that would materially and adversely affect the Sellers' interests.

12.3 If Sellers are not able to fulfill their obligations under this Agreement by the Closing Date, and Sellers' inability to perform is not due to a default by the Buyer, then Buyer shall have the right to terminate this Agreement and have return of the \$50,000.00 escrow deposit.

12.4 The FCC Final Order granting the FCC Assignment Application shall have been issued.

13. Conduct of Business Pending Closing.

13.1 Seller Arnold Broadcasting Company, Inc. warrants that, pending Closing:

13.1.1 Seller Arnold Broadcasting Company, Inc.'s business and operation will be conducted only in the ordinary course, according to its policies followed immediately preceding the date of this Agreement.

- 13.1.2 There will be no across the board pay increases to employees or any extraordinary bonuses paid to any employee or agent of Seller Arnold Broadcasting Company, Inc. prior to Closing.
- 13.1.3 No dividends to owners shall be paid by Seller Arnold Broadcasting Company, Inc. prior to Closing without the express agreement of the parties hereto.
- 13.1.4 There shall be no material changes in any contracts or commitments, nor shall any new contracts or commitments be entered into extending beyond the Closing Date without the written consent of Buyer, except for those contract and commitments involving the sale of services and the purchase of materials and supplies in the ordinary course of business.
- 13.1.5 Buyer, its agents and employees, shall have full access during normal business hours throughout the period prior to Closing to examine all Sellers' properties, business books, contracts, commitments and records as reasonably requested by Buyer.

14. GENERAL PROVISIONS.

14.1 Confidential Information. The Buyer and the Sellers agree to keep confidential the information exchanged between them that is generally considered to be confidential in nature. The provisions of this paragraph 14.1 shall survive the Closing.

14.2 Notices. Any notices given under this Agreement shall be given in writing by either personal delivery, electronic transmission deliver, or by first class mail as follows:

14.2.1 If to Sellers: Arnold Broadcasting Company, Inc.  
William G. Arnold and Judith L. Arnold  
PO Box 753  
Lamar, CO 81052  
email: \_\_\_\_\_

with a copy to: Darla Scranton Specht, Esq.  
SCRANTON SPECHT & ASSOCIATES, P.C.  
P.O. Box 1500  
Lamar, CO 81052  
email: darlaspecht@cminet.net

14.2.2 If to Buyer: Medial Logic, LLC  
Attn: Wayne Johnson  
PO Box 430

Fort Morgan, CO 80701

with copy to: Edward L. Zorn, P.C.  
Law Office  
626 E. Platte Avenue  
Fort Morgan, CO 80701

- 14.2.3 Changes in addresses shall be made by proper notice to the other party.
- 14.3 Attorney's Fees. In the event of any dispute hereunder between the parties hereto, the party substantially prevailing in litigation instituted hereunder shall be entitled to recover from the other party its costs and expenses thereof, including its reasonable and necessary attorney's fees. The provisions of this paragraph 14.3 shall survive the Closing.
- 14.4 Expenses. Each party shall share equally the expenses of applicable fees incurred by it in connection with negotiation, preparation, performance and compliance with the terms of this Agreement. Broker's fees or commissions due to Media Services Group shall be paid by Sellers. The provisions of this paragraph 14.4 shall survive the Closing.
- 14.5 Assignments, Successors, Etc. This Agreement shall not be assigned or conveyed by any party hereto to any other person or entity without prior written consent of the other party. Except as so limited, this Agreement shall be binding and shall inure to the benefit of the parties hereto, their respective heirs, personal representatives, successors and assigns. Except for such successors and assigns, it is understood that the benefits of this Agreement shall inure solely to the parties hereto and no third party shall be a beneficiary thereof.
- 14.6 FCC 73.1150 Statement. Following the Closing anticipated herein, Seller Arnold Broadcasting Company, Inc. has retained no rights of reversion to the Station License, no right to the reassignment of the Station License in the future, and has not reserved the right to use the facilities of the Stations in the future for any reason whatsoever. The provisions of this paragraph 14.6 shall survive the Closing.
- 14.7 This Agreement shall be construed according to the laws of the State of Colorado. It may be executed in several counterparts, each of which may be considered as an original.
- 14.8 This Agreement shall be binding upon the representatives, successors and assigns of the respective parties. This Agreement and all Schedules and exhibits to it supersede all prior agreements and constitute the entire agreement of the parties.

IN WITNESS WHEREOF, the parties have caused these presents to be executed as on the date and year first written above:

SELLERS:

Arnold Broadcasting Company, Inc.,  
a Colorado corporation

By William G. Arnold  
William G. Arnold, President

William G. Arnold  
William G. Arnold

Attest:

By Judith L. Arnold

Judith L. Arnold  
Judith L. Arnold

BUYER:

Media Logic, LLC, a Colorado  
limited liability company

By Wayne Johnson  
Wayne Johnson, Manager

GUARANTORS:

Wayne Johnson  
Wayne Johnson

Carol J. Johnson  
Carol J. Johnson



EXHIBIT A  
(Real Property Description)

Lots 1-4 of Block 22 Bowling Green  
Addition to Sterling  
In the County of Logan, State of Colorado

With address of: 803 West Main Street, Sterling, Colorado 80751

**EXHIBIT B**  
**(Licenses and Authorization Schedule)**

EXHIBIT C  
(Leases and Agreements Schedule)

EXHIBIT D  
(Personal Property Schedule)

EXHIBIT E  
(Guaranty Form)

GUARANTY

THIS GUARANTY ("Guaranty") is made by \_\_\_\_\_ ("Guarantor") in favor, jointly and severally, of Arnold Broadcasting Company, Inc., William G. Arnold, and Judith L. Arnold ("Arnolds") in connection with that certain Agreement-Asset Purchase dated \_\_\_\_\_, 2013 and that certain Promissory Note dated \_\_\_\_\_, 2013 which is secured by a Security Agreement dated \_\_\_\_\_, 2013 or a Deed of Trust dated \_\_\_\_\_, 2013, to be recorded in the records of Logan County, Colorado ("Lien").

For good and valuable consideration, receipt and sufficiency of which are acknowledged by Guarantor, Guarantor agrees:

1. Guarantor absolutely and unconditionally guarantees to Arnolds the full and prompt performance of all terms, conditions, covenants, representations, warranties, debts, liabilities and other obligations owing of Media Logic, LLC ("Media Logic"), and its successors and assigns, under and pursuant to the Lien, in a total amount not to exceed \$450,000.00, without Arnolds being required to first attempt to satisfy the amount owed by Media Logic through enforcement of the Lien against Media Logic.

2. Without the consent of or notice to Guarantor, and without affecting any of the obligations of Guarantor hereunder: (a) any term, covenant or condition of the Lien may be amended, released or otherwise altered by Media Logic and Arnolds, and Guarantor guarantees the full and prompt payment and performance of payments in a total and combined amount not to exceed \$450,000.00, terms, conditions, covenants, representations, warranties, debts, liabilities and other obligations of Media Logic as so amended, substituted or altered; (b) any guarantor or any party to the Lien may be released, substituted or added pursuant to the terms of the Lien; (c) any right or remedy under the Lien, this Guaranty or any other instrument or agreement may be exercised, modified, limited, or suspended; (d) Arnolds or any other person may deal in any manner with Media Logic, any guarantor, any party to the Lien or any other person; and (e) all or any part of Arnolds' rights or remedies under the Lien may be assigned or assumed.

3. Guarantor waives and agrees not to assert or take advantage of: (a) any right to require Arnolds to proceed against Media Logic or any other person or to pursue any other remedy before proceeding against Guarantor; (b) any right or defense that may arise by reason of incapacity, lack of authority, death or disability of the member(s) of Media Logic or any other person; and (c) any right or defense arising by reason of the impairment, modification, limitation, or cessation, in bankruptcy or otherwise, of any liability of Media Logic or its member(s).

4. Guarantor hereby waives and agrees not to assert or take advantage of any right or defense based on the absence of presentment, demand (including demands for performance), notice (including notices of adverse change in the financial status of Media Logic or other facts

which increase the risk to Guarantor, notices of non-performance and notices of acceptance of this Guaranty) and protests of each and every kind.

5. Until all the payments and obligations of Media Logic under the Lien are fully performed, Guarantor subordinates any liability or indebtedness of Media Logic now or hereafter held by Guarantor to the obligations of Arnolds under, arising out of or related to the Lien or Media Logic's use of the property securing the Lien.

6. The liability of Guarantor and all rights, powers and remedies of Arnolds hereunder and the liability and obligations of Media Logic and all rights, powers and remedies of Arnolds under the Lien shall be cumulative and not alternative and such rights, powers and remedies under the Lien and under this Guaranty shall be added to all rights, powers and remedies given to Arnolds by law.

7. This Guaranty binds Guarantor and Guarantor's successors and assigns, and shall inure to the benefit of Arnolds and any successor or assignee of Arnolds, including any purchaser at judicial foreclosure or public trustee's sale or a holder of a deed in lieu thereof. This Guaranty may be assigned by Arnolds voluntarily or by operation of law without reducing or modifying Guarantor's liability.

8. This Guaranty shall constitute the entire agreement between Guarantor and Arnolds with respect to the subject matter hereof. No provisions of this Guaranty or right of Arnolds hereunder may be waived nor may Guarantor be released from any obligation hereunder except by a writing duly executed by Arnold.

9. When the context and construction so requires, all words used in the singular herein shall be deemed to have been used in the plural. The word "person" as used herein shall include any individual, company, firm, association, partnership, corporation, trust or other legal entity of any kind whatsoever.

10. Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective.

11. A waiver or failure to enforce any provision of this Guaranty shall not operate as a waiver of any other breach of such provision or any other provisions hereof.

12. If Arnolds or Guarantor participate in an action against the other arising out of or in connection with this Guaranty, the prevailing party shall be entitled to recover from the other, and the court is specifically directed to award to the prevailing party, in addition to any other relief granted, all reasonable attorney's fees, collection costs and other costs and expenses incurred by the prevailing party in connection with the action. Guarantor and Arnolds agree that their free and voluntary choice of venue for any action arising out of or of or in connection with this Guaranty shall be the Prowers County courts.

13. This Guaranty shall be interpreted in accordance with the laws of the State of Colorado, without regard to its conflicts of laws provisions.

14. Guarantor is duly authorized to execute and deliver this Guaranty.

Executed on September 18, 2013.

**GUARANTOR:**

Wayne J. Johnson  
Carol J. Johnson (name)  
16 Yates Terrace (address)  
Fort Morgan CO. 80701

STATE OF COLORADO )  
) ss.  
County of Morgan )

Subscribed and sworn to before me this 18 day of September, 2013 by  
Wayne & Carol Johnson

Witness my hand and official seal.

My commission expires: Sept 28, 2014

Melissa Johnson  
Notary Public  
Address:

