

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this "Agreement") is made as of this 10th day of October 2018, by and between Heirloom Ministries, Inc., a Pennsylvania non-profit corporation ("Seller"), and Sonshine Family Television Corp., a Pennsylvania non-profit corporation ("Buyer").

Recitals

A. Seller is the Federal Communications Commission ("FCC") licensee of digital low power stations W14DF-D, Elliptsburg, PA (Fac. Id. 57539) and W16CO-D, Middleburg, PA (Fac. Id. 26853) (each a "Station" and together, the "Stations")

B. Seller has agreed to sell the Stations to Buyer, and Buyer has agreed to purchase certain assets relating to the Stations from Seller, on the terms and conditions set forth herein.

Agreements

In consideration of the foregoing, and the mutual covenants and agreements set forth below, Seller and Buyer hereby agree as follows:

1. FCC Applications.

(a) **Assignment Application.** The parties shall cooperate in the prompt preparation and filing of an application with the FCC for consent to the assignment of the Stations' FCC licenses ("FCC Licenses") from Seller to Buyer (the "Assignment Application"). Such application is to be filed no later than three (3) business days after the date hereof. The parties shall cooperate in the diligent submission of any additional information requested or required by the FCC with respect to such application, and shall take all steps reasonably required for the expeditious prosecution of the Assignment Application to a favorable conclusion, and shall diligently oppose any objections to, appeals from or petitions to reconsider such approval of the FCC, to the end that the FCC order granting consent to the assignment of the FCC Licenses may be obtained as soon as practicable, *provided, however*, that in the event the application for assignment of the FCC Licenses has been designated for hearing, then the party which is not the subject of the hearing (or which is not the party whose alleged actions or omissions resulted in the designation for hearing) may elect to terminate this Agreement upon written notice to the other party.

(b) **Modification Application(s).** Between the date hereof and the Closing Date, Seller will reasonably cooperate with Buyer in the preparation, filing and prosecution of existing or new applications requested by Buyer to modify the Stations' licensed facilities ("Modification Applications"). At Buyer's election, Seller consents to the filing of the Modification Applications in Buyer's name with grant thereof contingent upon the closing of the transaction.

2. **Assets to be Conveyed.** On the Closing Date, as defined in Section 6 hereof, Seller will sell, assign, transfer, convey and deliver to Buyer all of Seller's rights, title and interest in and to the following:

Asset Purchase Agreement

Page 2 of 12

a. the FCC Licenses, pending displacement or other applications, construction permits, and related government-issued authorizations for the Stations, including those set forth on Exhibit A attached hereto, and the associated Station call letters "W14DF-D and W16CO-D";

b. All tangible personal property set forth on Exhibit B attached hereto, in operating condition, reasonable wear and tear excepted (the "Tangible Personal Property"), together with such modifications, replacements, improvements and additional items made or acquired between the date hereof and the Closing Date; and

c. A sublease from Seller for use by Buyer of the W16CO-D tower site pursuant to Seller's existing leasehold rights therein (the "W16CO-D Sublease"), and a five-year, \$200/month renewable tower lease for the W14DF-D antenna and transmitter space, together with access rights to the tower and approximately 10-acre parcel of land, to be entered into on the Closing Date between Seller as landlord and Buyer as tenant (the "W14DF-D Site Lease") (together, the "Leasehold Rights").

d. Any and all rights of Seller, whether arising before or after Closing, in and to reimbursement funds from the FCC for the incentive auction repack displacement of either Station, including without limitation the W16CO-D displacement application identified on Exhibit A.

e. any files or records of Seller related to the Stations.

The foregoing assets (the "Purchased Assets") are to be conveyed by Seller to Buyer through an assignment and any other document of transfer (the "Closing Documents") customary for such purpose and satisfactory in form and substance to Buyer, Seller, and their respective counsel. The Purchased Assets are to be conveyed to Buyer free and clear of any liens, security interests or other encumbrances of any nature whatsoever (collectively, "Liens"), with any such existing Lien being paid out of Closing proceeds and released as of such payoff in a form acceptable to Buyer's counsel.

The Purchased Assets specifically shall not include: (i) any cash or cash equivalents; or (ii) any other stations, licenses, assets, property or rights of Seller.

3. **No Liabilities Assumed.** Buyer shall not assume or in any manner be liable for any debts, liens, obligations or liabilities of Seller, whether express or implied, known or unknown, contingent or absolute.

4. **Purchase Price.** The Purchase Price ("Purchase Price") to be paid on the Closing Date by Buyer for the Purchased Assets shall be Seventy-Five Thousand Dollars (\$75,000), to be paid to Seller in the following manner:

a. within two (2) business days of the execution of this Agreement, Buyer shall deliver a deposit in the amount of Seven Thousand Five Hundred Dollars (\$7,500) (the "Escrow Deposit") with Hardy, Carey, Chautin & Balkin, LLP ("Escrow Agent") pursuant to the written agreement attached hereto as Exhibit C to be executed simultaneously herewith (the

warrants to Buyer that:

a. Seller is, and as of the Closing Date will be, a nonprofit corporation/duly organized, validly existing and in good standing in the State of Pennsylvania. Seller has the requisite power and authority to enter into and fulfill its obligations under this Agreement.

b. The execution and delivery of this Agreement and the consummation of the transaction contemplated hereby have or will be duly authorized and approved by all

"Escrow Agreement"), which Escrow Deposit shall be remitted to Seller at Closing by wire transfer in immediately available funds; and

b. the balance of the Purchase Price shall be paid at Closing by wire transfer by Buyer of immediately available funds to Seller.

c. Buyer also agrees to retain Seller's president, Bette Dietrich as a consultant to Buyer on Station matters commencing on the first day after Closing and continuing for one-year. The total compensation for the one-year consultancy will be Fifty Thousand Dollars ((\$50,000) to be paid in accordance with terms to be agreed upon as of the closing.

5. Allocation of the Purchase Price; Adjustments to Purchase Price. No later than the Closing Date, Buyer and Seller shall mutually agree to an allocation of the Purchase Price. Buyer and Seller shall use such allocation for all reporting purposes in connection with federal, state and local income and, to the extent permitted under applicable law, franchise taxes.

All operating income and operating expenses of the Stations shall be adjusted and allocated between Seller and Buyer, and an adjustment in the Purchase Price shall be made as provided in this Section, to the extent necessary to reflect the principle that all such income and expenses attributable to the operation of the Stations on or before the Closing Date shall be for the account of Seller, and all income and expenses attributable to the operation of the Stations after the Closing Date shall be for the account of Buyer. To the extent not inconsistent with the express provisions of this Agreement, the allocations made pursuant to this Paragraph shall be made in accordance with generally accepted accounting principles. Adjustments pursuant to this Section shall be made at Closing to the extent practicable. Further prorations and adjustments shall be made by Buyer and Seller no later than sixty (60) days following the Closing Date, or such later date as shall be mutually agreed to by Seller and Buyer.

6. Closing. The Closing, or the Closing Date, as used throughout this Agreement, shall take place within five (5) business days after the FCC shall have consented to assignment of the Stations' FCC Licenses to Buyer and, unless waived by Buyer, in Buyer's sole discretion, such consent shall have become a Final Order, subject to satisfaction of or waiver of the other conditions precedent set forth above. The term "Final Order" means such consent shall no longer subject to review, reconsideration, appeal, or remand under applicable laws and the rules of the FCC. If finality is waived by Buyer, Buyer may elect to close the transaction no sooner than five (5) business days after providing Seller with advance written notice of its intention to waive finality.

7. Representations and Warranties of Seller. Seller hereby represents and warrants to Buyer that:

a. Seller is, and as of the Closing Date will be, a nonprofit corporation/duly organized, validly existing and in good standing in the State of Pennsylvania. Seller has the requisite power and authority to enter into and fulfill its obligations under this Agreement.

b. The execution and delivery of this Agreement and the consummation of the transaction contemplated hereby have or will be duly authorized and approved by all

Asset Purchase Agreement

Page 4 of 12

necessary action on the part of Seller prior to Closing. No other or further corporate act on the part of Seller is necessary to authorize this Agreement or the consummation of the transaction contemplated hereby. This Agreement constitutes the legal, valid and binding obligation of Seller, enforceable in accordance with its terms.

c. Subject to obtaining the approval of the FCC, the execution, delivery and performance of this Agreement (i) does not require the consent of any third party, and (ii) will not conflict with, result in a breach of, or constitute a default under any agreement or instrument to which Seller is a party or by which Seller is bound, or under any law, judgment, order, decree, rule or regulation of any court or governmental body which is applicable to Seller or the Station.

d. The Stations' FCC Licenses are valid and in full force and effect for the terms set forth on Exhibit A. Other than the displacement of W16CO-D or as set forth in the publicly available FCC records or arising from their secondary status as low power television stations, the Stations' FCC Licenses are not subject to any restriction or condition that would limit in any respect the operation of the Stations.

e. Seller has, and on the Closing Date will have, good and marketable title to all the Purchased Assets, free and clear of all claims and Liens.

f. Between now and the date of Closing, Seller shall not, without the consent of Buyer, enter into any leases or contracts pertaining to the Purchased Assets or dispose of or agree to sell any of the Purchased Assets.

g. No agent, broker, investment banker, or other person or firm acting on behalf of or under the authority of Buyer or any affiliate of Buyer is or will be entitled to any broker's or finder's fee or any other commission or similar fee, directly or indirectly, from Seller in connection with transactions contemplated by this Agreement.

8. **Representations and Warranties of Buyer.** Buyer hereby represents and warrants to Seller that:

a. Buyer is, and as of the Closing Date will be, a non-profit corporation duly organized, validly existing and in good standing in the State of Pennsylvania. This Agreement constitutes a legal, valid and binding obligation of Buyer, enforceable in accordance with its terms.

b. The execution and delivery of this Agreement and the consummation of the transaction contemplated hereby have or will be duly authorized and approved by all necessary action on the part of Buyer prior to Closing. No other or further corporate act on the part of Buyer is necessary to authorize this Agreement or the consummation of the transaction contemplated hereby. This Agreement constitutes the legal, valid and binding obligation of Buyer, enforceable in accordance with its terms.

c. Buyer knows of no reason related to its qualifications that would disqualify it from acquiring the Stations from Seller.

Asset Purchase Agreement

Page 5 of 12

d. Buyer has the financial resources necessary to consummate the transaction contemplated by this Agreement.

e. No agent, broker, investment banker, or other person or firm acting on behalf of or under the authority of Buyer or any affiliate of Buyer is or will be entitled to any broker's or finder's fee or any other commission or similar fee, directly or indirectly, from Seller in connection with transactions contemplated by this Agreement.

9. **Expenses.** Except as are otherwise specified in Section 10 herein, all expenses involved in the preparation and consummation of this Agreement shall be borne by the party incurring such expense, provided, however, that the filing fee for the FCC Assignment Application shall be paid by Buyer.

10. **Seller's Closing Conditions.** All obligations of Seller to consummate the transactions contemplated by this Agreement are subject to the fulfillment, on or prior to the Closing Date, of each of the following conditions which, except for the initial consent of the FCC to the assignment, may be waived in whole or in part by Seller:

a. the FCC shall have consented to the assignment of the Stations' FCC Licenses to Buyer without any condition materially adverse to Seller; and

b. Escrow Agent shall have delivered the Escrow Deposit, and Buyer shall have delivered the balance of the Purchase Price, in the manner specified in Section 3 hereof.

11. **Buyer's Closing Conditions.** All obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the fulfillment, on or prior to the Closing Date, of each of the following conditions which, except for the initial consent of the FCC to the assignment, may be waived in whole or in part by Buyer:

a. the FCC shall have consented to the assignment of the Stations' FCC Licenses to Buyer without any condition materially adverse to Buyer, and such consent shall have become a Final Order;

b. Seller shall have executed and delivered to Buyer the Closing Documents, including without limitation (i) an Assignment of the Stations' FCC Licenses & Call Letters; (ii) a bill of sale; (iii) the W16CO-D Sublease, and (iv) the W14df-D Site Lease, and conveyed the Purchased Assets to Buyer in accordance with this Agreement;

c. all representations and warranties of Seller made herein shall be true and correct in all material respects and Seller shall have complied in all material respects with all covenants and conditions of this Agreement; and

d. delivery of written payoff instructions and a release for any Lien being discharged at Closing

12. **Termination.** This Agreement may be terminated by the parties as follows:

Asset Purchase Agreement

Page 6 of 12

a. If either Buyer or Seller shall be in material breach of this Agreement, and such breach is not cured after twenty (20) days' written notice from the other party or, if the breach is not of a type that can be cured within such time period, then after a reasonable time to cure such breach so long as the breaching party has commenced good faith diligent efforts to cure such breach within said time period and thereafter diligently pursues such cure to completion, then the other party, if not then in material breach itself, may terminate this Agreement. In the event of a material breach of this Agreement by Seller, Buyer shall have the right to seek and obtain specific performance of the terms of this Agreement, it being agreed by Seller that the Purchased Assets are unique assets. If any action is brought by Buyer pursuant to this subsection to enforce this Agreement, Seller shall waive the defense that there is an adequate remedy at law and Buyer's reasonable costs for seeking such enforcement shall be deducted from the Purchase Price due hereunder on the Closing Date. In the event of termination of this Agreement by Seller as a result of an uncured breach of this Agreement by Buyer, Seller's sole and exclusive remedy shall be retention of the Escrow Deposit as liquidated damages. THE DELIVERY OF THE LIQUIDATED DAMAGES AMOUNT TO SELLER SHALL BE CONSIDERED LIQUIDATED DAMAGES AND NOT A PENALTY, AND SHALL BE THE RECIPIENT'S SOLE REMEDY AT LAW OR IN EQUITY FOR A BREACH HEREUNDER IF CLOSING DOES NOT OCCUR. BUYER AND SELLER EACH ACKNOWLEDGE AND AGREE THAT THIS LIQUIDATED DAMAGE AMOUNT IS REASONABLE IN LIGHT OF THE ANTICIPATED HARM WHICH WILL BE CAUSED BY A BREACH OF THIS AGREEMENT, THE DIFFICULTY OF PROOF OF LOSS, THE INCONVENIENCE AND NON-FEASIBILITY OF OTHERWISE OBTAINING AN ADEQUATE REMEDY, AND THE VALUE OF THE TRANSACTION TO BE CONSUMMATED HEREUNDER.

b. If the FCC or a court shall have issued an order or taken any other action, in any case having the effect of permanently restraining, enjoining or otherwise prohibiting or making the transaction not feasible, and such order or other action is finally determined, then either party may terminate this Agreement provided, however, that the right to terminate this Agreement under this Section 12(b) shall not be available to a party whose failure to fulfill any obligation under this Agreement shall have been the principal cause of, or shall have resulted in, such order or action. In the event of a termination of this Agreement under this Section 12(b), the Escrow Deposit shall be refunded to Seller.

c. If the Closing has not occurred within twelve (12) months after the date of this Agreement, then either party may terminate this Agreement, provided, however, that the right to terminate this Agreement under this Section 12(c) shall not be available to any party whose failure to fulfill any obligation under this Agreement shall have been the principal cause of, or shall have resulted in unreasonable delay in the Closing. In the event of a termination of this Agreement under this Section 12(c), the Escrow Deposit shall be refunded to Buyer.

13. **Survival; Indemnification.** The representations and warranties of Buyer and Seller set forth above shall survive the Closing Date for a period of twelve (12) months (the "Survival Period"), except that for any representation or warranty of Buyer or Seller as to such party's qualifications and authority to consummate the transactions contemplated hereby, title of the parties to the Purchased Assets, any tax obligations of Seller, or the Purchased Assets being free and clear of any liens the Survival Period shall be indefinite. Seller indemnifies and holds

Asset Purchase Agreement

Page 7 of 12

Buyer harmless from any loss, liability, damage or expense (including legal and other expenses incident thereto) arising from or pertaining to (a) ownership of the Purchased Assets prior to the date of Closing or (b) breach of any covenants, representations or warranties of this Agreement, by Seller. Buyer indemnifies and holds Seller harmless from any loss, liability, damage or expense (including legal and other expenses incident thereto) arising from or pertaining to (a) ownership or operation of the Purchased Assets subsequent to the date of Closing or (b) breach of any covenants, representations or warranties in this Agreement, by Buyer. No claims may be brought under this Agreement unless written notice describing in reasonable detail the nature and basis of such claim is given on or prior to the last day of the Survival Period. In the event such notice is given, the right to indemnification with respect thereto under this provision shall survive the applicable Survival Period until such claim is finally resolved and any obligations with respect thereto are fully satisfied, and the indemnifying party shall be entitled at its own expense to compromise or defend against the claim with counsel reasonably satisfactory to the indemnified party; provided, that once the defense thereof is assumed by the indemnifying party, the indemnifying party shall keep the indemnified party advised of all developments in the defense thereof and any related litigation, and the indemnified party shall be entitled at all times to participate in the defense thereof at its own expense.

14. **Control of Station.** Between the date of this Agreement and the Closing Date, Buyer shall not control the Stations, which shall remain the sole responsibility and under the control of Seller, subject to Seller's compliance with this Agreement.

15. **Entire Agreement.** This Agreement, together with all exhibits and schedules hereto, constitute the entire agreement between the parties and supersede any prior negotiations, agreements, understandings or arrangements between the parties with respect to the subject matter hereof.

16. **Amendments and Waivers.** No term or provision of this Agreement may be amended, waived, discharged or terminated orally but only by an instrument in writing signed by the party against whom the enforcement of such amendment, waiver, discharge or termination is sought. Any waiver shall be effective only in accordance with its express terms and conditions.

17. **Construction and Enforcement.** This Agreement shall be construed and enforced in accordance with the internal laws of the State of Pennsylvania.

18. **Successors and Assigns.** This Agreement shall inure to the benefit of and be binding on the permitted successors and assigns of the parties hereto. This Agreement and any rights hereunder shall not be assignable by either party hereto without the prior written consent of the other party.

19. **Cooperation.** Both before and after the Closing, Seller and Buyer shall each cooperate, take such actions and execute and deliver such documents as may be reasonably requested by the other party in order to carry out the provisions of this Agreement.

20. **Notices.** All notices hereunder shall be delivered in writing and shall be deemed to have been duly given if delivered and received by certified or registered mail, return receipt

To Seller: Heirloom Ministries, Inc.
Attn: Bette Dietrich
5879 Erly Road
Elliottsburg, PA 17824

To Buyer: Sonshine Family Television Corp.
Attn: Margaret Huber
813 N. Fenwick Street
Allentown, PA 18109

21. **Counterparts.** This Agreement may be signed in counterparts with the same effect as if the signature on each counterpart were upon the same instrument. Executed copies of this Agreement transmitted by facsimile or other electronic means shall be valid and binding.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first

written above.

SELLER: Heirloom Ministries, Inc.

By:

Bette Dietrich President

Name: Bette Dietrich

Title: President

BUYER: Sonshine Family Television Corp.

By:

Margaret Huber

Name: Margaret Huber

Title: President

Asset Purchase Agreement
Page 10 of 12**Exhibit A**
FCC Licenses

W16CO-D	BLDTL-20110222ADB	August 1, 2023
W16CO-D	0000054372	Pending (Displacement Application)
W14DF-D	BLDTL-20100629ALC	August 1, 2023

Asset Purchase Agreement
Page 11 of 12

Exhibit B

Tangible Personal Property

W16CO-D Equipment

ITS-ADC Exciter driver unit

ITS-ADC transmitter amps

BandPass Filter / Floor mounted

Linear Exciter AT7001-3

Blonder Tongue MDDA-860 digital demodulator and transcoder

Coaxial Transmission Line from Transmitter to Antenna / Approximately 150ft.

Antenna Make: PSI / Antenna Model: PSILP8-16

W14DF-D Equipment

Anywave Transmitter currently on air (supplied by and owned by Buyer)

Linear Transmitter / Linear Exciter

BandPass Filter

Transmission Line connecting to Antenna / Approximately 200ft

Antenna Make: PSI / Antenna Model: PSILP8-14

Satellite Dish

Upcom Satellite Receiver

Gorman Redlich EAS equipment

Blonder tongue ASI encoder

Asset Purchase Agreement
Page 12 of 12

Exhibit C
Escrow Agreement