

## **ASSET PURCHASE AGREEMENT**

**THIS ASSET PURCHASE AGREEMENT** (the “Agreement”) is entered into as of this 10th day of November 2021 (the “Effective Date”), by and between Covenant Broadcasting Company, LLC, a Pennsylvania limited liability company (“Seller”), and Montrose Broadcasting Corporation, a Pennsylvania non-profit corporation (“Buyer”) (each a “Party” and, collectively, the “Parties”).

### **Recitals**

A. Seller is the licensee of radio broadcast station WJSA-FM, Jersey Shore, PA (Facility ID No. 33085) and translator W263AG, Williamsport, PA (Facility ID No. 36237) (together, the “Stations”), pursuant to certain authorizations issued by the Federal Communications Commission (the “FCC”);

B. Pursuant to the terms and subject to the conditions set forth in this Agreement, Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, the Station Assets (defined below).

### **Agreement**

NOW, THEREFORE, taking the foregoing into account, and in consideration of the mutual covenants and agreements set forth herein, the parties, intending to be legally bound, hereby agree as follows:

## **ARTICLE 1: PURCHASE OF ASSETS**

1.1 Station Assets. On the terms and subject to the conditions hereof, at Closing (defined below), except as set forth in Section 1.2, Seller shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase and acquire from Seller, all right, title and interest of Seller in and to the following assets and properties of Seller that are used or held for use in the operation of the Station (the “Station Assets”):

(a) Licenses and Authorizations. All licenses, permits and other authorizations issued to Seller by the FCC with respect to the Station (the “FCC Licenses”), including those described on *Schedule 1.1(a)*, including any renewals or modifications thereof between the date hereof and Closing;

(b) Tangible Personal Property. All of Seller’s equipment, towers, transmitters, antennas, and other tangible personal property used or held for use in the operation of the Station’s main transmitter site, including the items listed on *Schedule 1.1(b)*, except for any retirements or dispositions thereof made in the ordinary course of business (the “Tangible Personal Property”);

(c) Intangible Assets. All trademarks, service marks, call sign, copyrights, trade names, common law property rights, intellectual property, good will and all

other intangible personal property owned by Seller and used by it in connection with the operation of the Station (collectively, the "Intangible Property");

(d) Station Contracts. Only those contracts and agreements used by Seller in the operation of the Station that are listed on *Schedule 1.1(d)* (the "Station Contracts"); and

(e) Files and Records. Any books and records of Seller that relate exclusively to the FCC Licenses, Tangible Personal Property, or Station Contracts, but excluding any that are Excluded Assets (defined below), and provided that Seller may retain copies.

The Station Assets shall be transferred to Buyer free and clear of liens, claims and encumbrances ("Liens") except for Assumed Obligations (defined in Section 1.3), liens for taxes not yet due and payable, and liens that will be released at or prior to Closing (collectively, "Permitted Liens").

1.2 Excluded Assets. Notwithstanding anything to the contrary contained herein, the Station Assets shall not include the following assets or any rights, title and interest therein (the "Excluded Assets");

(a) all cash and cash equivalents, and all accounts receivable;

(b) all programming, advertising sales contracts, and all other contracts, leases, licenses, and agreements, and the Station Contracts;

(c) all rights and claims, whether mature, contingent or otherwise, against third parties with respect to the Station Assets or the business of the Station to the extent attributable to any period before the Effective Time (defined below);

(d) all deposits and prepaid expenses, and rights arising therefrom, except to the extent Seller receives a credit therefor under Section 1.6; and

(e) any property personally owned by any officer, trustee, or employer of Seller, including excluded personal property listed in *Schedule 1.2(c)* (the "Other Specifically Excluded Assets").

1.3 Assumption of Obligations. On the Closing Date (defined below), Buyer shall assume the obligations of Seller arising during, or attributable to, any period of time on or after the Closing Date under the and Station Contracts, and any other liabilities of Seller to the extent Buyer receives a credit therefor under Section 1.6 (collectively, the "Assumed Obligations"). Except for the Assumed Obligations, Buyer does not assume, and will not be deemed by the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby to have assumed, any other liabilities or obligations of Seller (the "Retained Obligations").

1.4 Purchase Price. The purchase price to be paid for the Station Assets shall be Four Hundred and Seventy-five Thousand Dollars (\$475,000.00) (the "Purchase Price"), subject to the adjustments and prorations described in Section 1.6. The Purchase

Price shall be paid at Closing by wire transfer or in such other immediately available funds as Seller may reasonably request.

1.5 Escrow Deposit. Buyer shall make at total cash deposit in an amount equal to Forty Seven Five Hundred Dollars (\$47,500.00) (the “Cash Deposit”) upon execution of this Agreement by all parties. The Cash Deposit shall be delivered *via* wire transfer or cashier’s check to the Escrow Agent (Gammon and Grange, PC) as identified in an Escrow Agreement attached hereto as Exhibit A. The parties agree and understand that upon Buyer’s purchase of the Station, the Cash Deposit will be applied to the overall Purchase Price. In the event there is no Closing the Cash Deposit shall be returned to Buyer in all circumstances unless Buyer has breached this Agreement.

1.6 Prorations and Adjustments. All prepaid and deferred income and expenses relating to the Station Assets and arising from the operation of the Station Assets shall be prorated between Buyer and Seller in accordance with generally accepted accounting principles (“GAAP”) as of 11:59 p.m. on the day immediately preceding the Closing Date (the “Effective Time”). Such prorations shall include without limitation all ad valorem, personal property taxes (except transfer taxes as provided by Section 11.1), FCC regulatory fees, music and other license fees, utility expenses, rent and other amounts under the Contracts and similar prepaid and deferred items.

1.7 Timing of Prorations and Adjustments. Prorations and adjustments shall be made at Closing to the extent practicable. As to those prorations and adjustments not made at Closing, an adjustment shall be made no later than forty-five (45) calendar days after Closing.

1.8 Allocation. Seller and Buyer shall each allocate the Purchase Price for tax purposes in accordance with the respective fair market values of the Station Assets and the goodwill being purchased and sold in accordance with the requirements of Section 1060 of the Internal Revenue Code of 1986, as amended (the “Code”). Each of Buyer and Seller shall file a tax return reflecting its allocation as and when required under the Code. See Schedule 1.8

1.9 Closing. The consummation of the sale and purchase of the Station Assets provided for in this Agreement (the “Closing”) shall take place on or before the fifth (5<sup>th</sup>) business day after the date the FCC Consent has become a Final Order, or as Buyer and Seller may mutually agree, subject to satisfaction or waiver of the conditions set forth in Articles 6 or 7 below, and subject to the terms of Section 10.1. The date on which the Closing is to occur is referred to herein as the “Closing Date.” As used herein, “Final Order” means an action by the FCC: (a) with respect to which action no timely request for stay, motion or petition for reconsideration or rehearing, application or request for review or notice of appeal or judicial notice of appeal or petition for review is pending and (b) as to which the time for filing any such request, motion, petition, application, appeal or notice, or request for judicial review, and for the entry of orders staying, reconsidering or reviewing, administratively or judicially, the FCC’s action has expired.

1.10 FCC Consent. Not later than ten (10) business days after the Effective Date, Seller shall prepare, execute, and file an application to the FCC (the “Assignment Application”) requesting the FCC’s consent (the “FCC Consent”) to the assignment of the

FCC Licenses from Seller to Buyer. Buyer and Seller shall prosecute the Assignment Application and cooperate with each other and with the FCC in order to secure such FCC Consent without delay and to promptly consummate the transaction contemplated hereby. During the pendency of the Assignment Application, Seller agrees to remove the Station from its sales listing or to market the Station in any way. At the Closing, Buyer shall reimburse Seller for one-half of the FCC filing fee paid by Seller in connection with the Assignment Application.

## ARTICLE 2: SELLER REPRESENTATIONS AND WARRANTIES

Seller makes the following representations and warranties to Buyer:

2.1 Organization. Seller is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and, if required, is qualified to do business in the jurisdiction in which the Station Assets are located. Seller has the requisite power and authority to execute, deliver and perform this Agreement and all of the other agreements and instruments to be made by Seller pursuant hereto (collectively, the “Seller Ancillary Agreements”) and to consummate the transactions contemplated hereby.

2.2 Authorization. The execution, delivery and performance of this Agreement and the Seller Ancillary Agreements by Seller have been duly authorized and approved by all necessary action of Seller and do not require any further authorization or consent of Seller. This Agreement is, and each Seller Ancillary Agreement when made by Seller and the other parties thereto will be, a legal, valid and binding agreement of Seller enforceable in accordance with its terms, except in each case as such enforceability may be limited by bankruptcy, moratorium, insolvency, reorganization or other similar laws affecting or limiting the enforcement of creditors’ rights generally and except as such enforceability is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

2.3 No Conflicts. Except for the FCC Consent and any consents, required as conditions precedent, to assign Station Contracts, the execution, delivery and performance by Seller of this Agreement and the Seller Ancillary Agreements and the consummation by Seller of any of the transactions contemplated hereby does not conflict with any organizational documents of Seller or any contract or agreement to which Seller is a party or by which it is bound, or any law, judgment, order, or decree to which Seller is subject, or require the consent or approval of, or a filing by Seller with, any governmental or regulatory authority or any third party.

2.4 FCC Licenses. *Schedule 1.1(a)* hereto contains a true and complete list of the FCC Licenses (including any pending applications) and all other licenses, permits, or other authorizations from governmental or regulatory authorities that are required for the lawful conduct of the business and operations of the Station in the manner and to the full extent that the Station is presently operated. The FCC Licenses and other licenses are in full force and effect, unimpaired by any act or omission of Seller. Seller lawfully holds each of the FCC Licenses and the other licenses, permits, and authorizations listed on *Schedule 1.1(a)*, none of which is subject to any restrictions or conditions that would limit in any material respect the operations of the Station, other than (i) as may be set forth on the faces of such FCC Licenses and other licenses, or (ii) as may be applicable to the radio

broadcasting industry. Seller is operating the Station in compliance with the FCC Licenses, the Communications Act of 1934, as amended, and all regulations and published policies of the FCC (the “Communications Laws”). There is not now pending or, to the knowledge of Seller, threatened any action by or before the FCC to revoke, cancel, rescind, modify, or refuse to renew any of such FCC Licenses, and Seller has not received any notice of, and has no knowledge of, any pending, issued, or outstanding order by or before the FCC, or of any investigation, order to show cause, notice of violation, notice of apparent liability, notice of forfeiture, or material complaint against the Station or Seller.

2.5 Taxes. Seller has duly, timely, and in the required manner filed all federal, state, and local income, franchise, sales, use, property, excise, payroll, and other tax returns and forms required to be filed, and has paid in full or discharged all taxes, assessments, excises, interest, penalties, deficiencies, and losses required to be paid. No event has occurred which could impose upon Buyer any liability for any taxes, penalties, or interest due or to become due from Seller from any taxing authority.

2.6 Personal Property. *Schedule 1.1(b)* contains a list of material items of Tangible Personal Property included in the Station Assets. Seller has good and marketable title to the Tangible Personal Property free and clear of Liens other than Permitted Liens. Except as set forth on *Schedule 1.1(b)*, all material items of Tangible Personal Property are in good operating condition, ordinary wear and tear excepted.

2.7 Intentionally Omitted.

2.8 Station Contracts. *Schedule 1.1(d)* includes a description of the Station Contracts. The Station Contracts are in effect and are binding upon Seller and, to Seller’s knowledge, the other parties thereto (subject to bankruptcy, insolvency, reorganization or other similar laws relating to or affecting the enforcement of creditors’ rights generally). Seller has performed its obligations under the Station Contracts in all material respects, and is not in material default thereunder, and to Seller’s knowledge, no other party thereto is in default thereunder in any material respect.

2.9 Environmental. To Seller’s knowledge, no hazardous or toxic substance or waste regulated under any applicable environmental, health or safety law has been generated, stored, transported or released on, in, from or to the premises of the Real Property, except in compliance in all material respects with applicable environmental, health and safety laws. To Seller’s knowledge, Seller has complied in all material respects with all environmental, health and safety laws applicable to the Station Assets.

2.10 Insurance. Seller maintains insurance policies or other arrangements with respect to the Station Assets consistent with its practices for other stations and will maintain such policies or arrangements until the Effective Time.

2.11 Compliance with Law. Seller has complied in all material respects with all laws, rules and regulations, including without limitation all FCC and Federal Aviation Administration rules and regulations applicable to the operation of the Station Assets, and all decrees and orders of any court or governmental authority which are applicable to the operation of the Station Assets. To Seller’s knowledge, there are no governmental claims

or investigations pending or threatened against Seller in respect of the Station Assets except those affecting the industry generally.

2.12. Litigation. There is no action, suit or proceeding pending or, to Seller's knowledge, threatened against Seller in respect of the Station Assets that will subject Buyer to liability or which will affect Seller's ability to perform its obligations under this Agreement. Seller is not operating under or subject to any order, writ, injunction or decree relating to the Station Assets of any court or governmental authority which would have a material adverse effect on the condition of the Station Assets or on the ability of Seller to enter into this Agreement or consummate the transactions contemplated hereby, other than those of general applicability.

2.13. Third Party Consents. The only consents from any Person which are required to be obtained by Seller in connection with the execution and delivery by Seller of this Agreement and the consummation of the transactions contemplated hereby are set forth on *Schedule 2.13* (the "Third Party Consents"), except for such consents the failure of which to obtain could not reasonably be expected to have a material adverse effect.

2.14. Labor. Seller has complied in all material respects with all laws relating to the employment of labor. Seller is not a party to any contract or agreement with any labor organization, nor has Seller agreed to recognize any union or other collective bargaining unit, nor has any union or other collective bargaining unit been certified as representing any of the employees of the Station. Seller has no knowledge of any organizational effort currently being made or threatened by or on behalf of any labor union with respect to employees of Seller at the Station, except such plans of Seller applicable to employees of Seller on a general basis. Buyer shall not be obligated to continue the employment of any current employees of the Station and shall not assume and will be free of all liabilities of any kind in connection with any such employees whose employment is not continued by Buyer as of the Closing Date.

2.15. Employee Benefit Plans. There are retirement, pension or thrift plans, individual or supplemental pension or accrued compensation arrangements, contributions to hospitalization or other health or life insurance programs, incentive plans, bonus arrangements and disability and termination arrangements or policies for employees of the Stations. Seller acknowledges and covenants that Buyer will have no obligations of any kind under such plans following Closing.

### ARTICLE 3: BUYER REPRESENTATIONS AND WARRANTIES

Buyer hereby makes the following representations and warranties to Seller:

3.1 Organization. Buyer is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and is qualified to do business in the jurisdiction in which the Station Assets are located. Buyer has the requisite power and authority to execute, deliver and perform this Agreement and all of the other agreements and instruments to be executed and delivered by Buyer pursuant hereto (collectively, the "Buyer Ancillary Agreements") and to consummate the transactions contemplated hereby.

3.2 Authorization. The execution, delivery and performance of this Agreement and the Buyer Ancillary Agreements by Buyer have been duly authorized and approved by all necessary action of Buyer and do not require any further authorization or consent of Buyer. This Agreement is, and each Buyer Ancillary Agreement when made by Buyer and the other parties thereto will be, a legal, valid and binding agreement of Buyer enforceable in accordance with its terms, except in each case as such enforceability may be limited by bankruptcy, moratorium, insolvency, reorganization or other similar laws affecting or limiting the enforcement of creditors' rights generally and except as such enforceability is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

3.3 No Conflicts. Except for the FCC Consent, the execution, delivery and performance by Buyer of this Agreement and the Buyer Ancillary Agreements and the consummation by Buyer of any of the transactions contemplated hereby does not conflict with any organizational documents of Buyer, any contract or agreement to which Buyer is a party or by which it is bound, or any law, judgment, order or decree to which Buyer is subject, or require the consent or approval of, or a filing by Buyer with, any governmental or regulatory authority or any third party.

3.4 Litigation. There is no action, suit or proceeding pending or, to Buyer's knowledge, threatened against Buyer which questions the legality or propriety of the transactions contemplated by this Agreement or could materially adversely affect the ability of Buyer to perform its obligations hereunder.

3.5 Qualification. Buyer is legally, financially and otherwise qualified to be the licensee of, acquire, own and operate the Station under the Communications Act and the rules, regulations and policies of the FCC. To Buyer's knowledge, there are no facts that would, under existing law and the existing rules, regulations, policies and procedures of the FCC, disqualify Buyer as an assignee of the FCC Licenses or as the owner and operator of the Station. The FCC Application will not include a request by Buyer for a waiver of FCC rules or policy.

#### ARTICLE 4: SELLER COVENANTS

4.1 Seller's Covenants. Between the date hereof and Closing, except as permitted by this Agreement or with the prior written consent of Buyer, which shall not be unreasonably withheld, delayed or conditioned, Seller shall:

(a) operate the Station in the ordinary course of business (for avoidance of doubt, any expense reductions made consistent with Seller's past practices shall be deemed in the ordinary course of business) and in all material respects in accordance with FCC rules and regulations and with all other applicable laws, regulations, rules and orders;

(b) not materially adversely modify, and in all material respects maintain in full force and effect, the FCC Licenses;

(c) not, other than in the ordinary course of business, sell, lease or dispose of or agree to sell, lease or dispose of any of the Station Assets unless replaced with similar items of substantially equal or greater value and utility, or create, assume or

permit to exist any Liens upon the Station Assets, except for Permitted Liens, and not dissolve, liquidate, merge or consolidate with any other entity;

(d) maintain the Tangible Personal Property in the ordinary course of business; and

(e) upon reasonable notice, give Buyer and its representatives reasonable access during normal business hours to the Station Assets, and furnish Buyer with information relating to the Station Assets that Buyer may reasonably request, provided that such access rights shall not be exercised in a manner that interferes with the operation of the Station or other stations owned by Seller or its affiliates.

## ARTICLE 5: JOINT COVENANTS

Buyer and Seller hereby covenant and agree as follows:

5.1 Announcements. Prior to Closing, no party shall, without the prior written consent of the other, issue any press release or make any other public announcement concerning the transactions contemplated by this Agreement, except to the extent that such party is so obligated by law, in which case such party shall give advance notice to the other, and except as necessary to enforce rights under or in connection with this Agreement. Notwithstanding the foregoing, the parties acknowledge that this Agreement and the terms hereof will be filed with the FCC Application and thereby become public.

5.2 Control. Buyer shall not, directly or indirectly, control, supervise or direct the operation of the Station prior to Closing. Consistent with the Communications Act and the FCC rules and regulations, control, supervision and direction of the operation of the Station prior to Closing shall remain the responsibility of the holder of the FCC Licenses.

### 5.3 Risk of Loss.

(a) Seller shall bear the risk of any loss of or damage to any of the Station Assets at all times until the Effective Time, and Buyer shall bear the risk of any such loss or damage thereafter. If prior to the Effective Time any item of Tangible Personal Property is damaged or destroyed, Seller shall repair or replace such item. If such repair or replacement is not completed prior to Closing, then Seller shall promptly repair or replace such item after Closing (with Seller's representations and warranties at Closing deemed modified to take into account any such condition), and Buyer will provide Seller access to complete such repair or replacement, except that if such damage or destruction materially disrupts operation of the Station, then Buyer may postpone Closing until the date five (5) business days after operations are restored in all material respects, subject to Section 10.1.

(b) If prior to Closing the Station is off the air or operating at a power level that results in a material reduction in coverage (a "Broadcast Interruption"), then Seller shall use commercially reasonable efforts to return the Station to the air and restore prior coverage as promptly as possible in the ordinary course of business. Notwithstanding anything herein to the contrary, if prior to Closing there is a Broadcast Interruption in excess of 24 hours, then Buyer may postpone Closing until the date five (5) business days



after the Station returns to the air and prior coverage is restored in all material respects, subject to Section 10.1.

5.4 Consents. The parties shall use commercially reasonable efforts to obtain any third-party consents necessary for the assignment of any Station Contract (which shall not require any payment to any such third party), but no such consents are conditions precedent to Closing except for Third Party Consents listed in Schedule 2.13. To the extent that any Station Contract may not be assigned without the consent of any third party, and such consent is not obtained prior to Closing, this Agreement and any assignment executed pursuant to this Agreement shall not constitute an assignment of such Station Contract; provided, however, with respect to each such Station Contract, Seller and Buyer shall cooperate to the extent feasible in effecting a lawful and commercially reasonable arrangement under which Buyer shall receive the benefits under the Station Contract from and after Closing, and to the extent of the benefits received, Buyer shall pay and perform Seller's obligations arising under the Station Contract from and after Closing in accordance with its terms.

5.5 Employees. There are no employees of Seller available for hire by Buyer at Closing.

5.6 Accounts Receivable. Buyer shall not collect any accounts receivable of Seller with respect to Station, and Buyer shall promptly pay over to Seller in full any such receivables it receives, without offset.

5.7 Actions. After Closing, Buyer shall cooperate with Seller in the investigation, defense or prosecution of any action which is pending or threatened against Seller or its affiliates with respect to the Station, whether or not any party has notified the other of a claim for indemnification with respect to such matter. Without limiting the generality of the foregoing, Buyer shall make available its employees to give depositions or testimony and shall preserve and furnish all documentary or other evidence that Seller may reasonably request.

5.8 As Is Where Is Purchase. All assets are purchased "As is, where is," based upon Buyer's own Due Diligence and not based upon any Seller representation or warranty other than those expressly set forth in this Agreement.

#### ARTICLE 6: SELLER CLOSING CONDITIONS

The obligation of Seller to consummate the Closing hereunder is subject to satisfaction, at or prior to Closing, of each of the following conditions (unless waived in writing by Seller):

##### 6.1 Representations and Covenants.

(a) The representations and warranties of Buyer made in this Agreement shall be true and correct in all material respects as of the Closing Date except for changes permitted or contemplated by the terms of this Agreement.

(b) The covenants and agreements to be complied with and performed by Buyer at or prior to Closing shall have been complied with or performed in all material respects.

(c) Seller shall have received a certificate dated as of the Closing Date from Buyer executed by an authorized officer of Buyer to the effect that the conditions set forth in Sections 6.1(a) and (b) have been satisfied.

6.2 Proceedings. Neither Seller nor Buyer shall be subject to any court or governmental order or injunction restraining or prohibiting the consummation of the transactions contemplated hereby.

6.3 FCC Authorization. The FCC Consent pursuant to the FCC's initial order shall have been obtained.

6.4 Deliveries. Buyer shall have complied with its obligations set forth in Section 8.2.

6.5 Consents. Third Party Consents shall have been obtained.

#### ARTICLE 7: BUYER CLOSING CONDITIONS

The obligation of Buyer to consummate the Closing hereunder is subject to satisfaction, at or prior to Closing, of each of the following conditions (unless waived in writing by Buyer):

##### 7.1 Representations and Covenants.

(a) The representations and warranties of Seller made in this Agreement shall be true and correct in all material respects as of the Closing Date except for changes permitted or contemplated by the terms of this Agreement.

(b) The covenants and agreements to be complied with and performed by Seller at or prior to Closing shall have been complied with or performed in all material respects.

(c) Buyer shall have received a certificate dated as of the Closing Date from Seller executed by an authorized officer of Seller to the effect that the conditions set forth in Sections 7.1(a) and (b) have been satisfied.

7.2 Proceedings. Neither Seller nor Buyer shall be subject to any court or governmental order or injunction restraining or prohibiting the consummation of the transactions contemplated hereby.

7.3 FCC Authorization. The FCC Consent pursuant, in compliance with the terms of Section 1.9 hereof, shall have been obtained.

7.4 Deliveries. Seller shall have complied with its obligations set forth in Section 8.1.

7.5 Consents. Third party Consents set forth in *Schedule 2.13*, if any, shall have been obtained.

## ARTICLE 8: CLOSING DELIVERIES

8.1 Seller Documents. At Closing, Seller shall deliver or cause to be delivered to Buyer:

- (i) The certificate described in Section 7.1(c);
- (ii) An Assignment and Assumption sufficient to assign the FCC Licenses to Buyer;
- (iii) An Assignment and Assumption sufficient to assign the Intangible Assets to Buyer;
- (iv) An Assignment and Assumption of the Station Contracts from Seller to Buyer and Third-Party Consents;
- (v) A Bill of Sale conveying all other Station Assets from Seller to Buyer; and
- (vi) any other instruments of conveyance, assignment and transfer that may be reasonably necessary to convey, transfer and assign the Station Assets from Seller to Buyer, free and clear of Liens, except for Permitted Liens.

8.2 Buyer Documents. At Closing, Buyer shall deliver or cause to be delivered to Seller:

- (i) the Purchase Price in accordance with Section 1.4 hereof;
- (ii) the certificate described in Section 6.1(c);
- (iii) duly executed counterparts of the Assignment and Assumptions set forth in Sections 8.1 (ii), 8.1(iii), and 8.1(iv) of this Agreement; and
- (iv) such other documents and instruments of assumption that may be necessary to assume the Assumed Obligations.

## ARTICLE 9: SURVIVAL; INDEMNIFICATION

9.1 Survival. The representations and warranties in this Agreement shall survive Closing for a period of twelve (12) months from the Closing Date whereupon they shall expire and be of no further force or effect, except (i) those under Section 2.5 (Taxes), Section 2.9 (Environmental), and those under Sections 2.7 solely with respect to title, all of which shall survive until the expiration of any applicable statute of limitations, and (ii) that if within such applicable period the indemnified party gives the indemnifying 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.

9.2 Indemnification.

(a) Subject to Section 9.2(b), from and after Closing, Seller shall defend, indemnify and hold harmless Buyer from and against any and all losses, costs, damages, liabilities and expenses, including reasonable attorneys' fees and expenses ("Damages") incurred by Buyer arising out of or resulting from:

(i) any breach by Seller of its representations and warranties made under this Agreement; or

(ii) any default by Seller of any covenant or agreement made under this Agreement; or

(iii) the Retained Obligations; or

(iv) the operation of the Station Assets before the Effective Time, except for the Assumed Obligations.

(b) From and after Closing, Buyer shall defend, indemnify and hold harmless Seller from and against any and all Damages incurred by Seller arising out of or resulting from:

(i) any breach by Buyer of its representations and warranties made under this Agreement; or

(ii) any default by Buyer of any covenant or agreement made under this Agreement; or

(iii) the Assumed Obligations; or

(iv) the operation of the Station Assets after the Effective Time.

(c) Following Closing, neither party shall have any liability to the other party under this Section 9.2 until such party's aggregate Damages exceed an amount equal to 2.5% of the Purchase Price, after which such threshold amount shall be included in, not excluded from, any calculation of Damages and the maximum aggregate liability of a party under this Section 9.2(a) shall be in an amount equal to 20% of the Purchase Price.

9.3 Procedures.

(a) The indemnified party shall give prompt written notice to the indemnifying party of any demand, suit, claim or assertion of liability by third parties that is subject to indemnification hereunder (a "Claim"), but a failure to give such notice or delaying such notice shall not affect the indemnified party's rights or the indemnifying party's obligations except to the extent the indemnifying party's ability to remedy, contest, defend or settle with respect to such Claim is thereby prejudiced and provided that such notice is given within the time period described in Section 9.1.

(b) The indemnifying party shall have the right to undertake the defense or opposition to such Claim with counsel selected by it. In the event that the indemnifying party does not undertake such defense or opposition in a timely manner, the indemnified party may undertake the defense, opposition, compromise or settlement of such Claim with counsel selected by it at the indemnifying party's cost (subject to the right of the indemnifying party to assume defense of or opposition to such Claim at any time prior to settlement, compromise or final determination thereof).

(c) Anything herein to the contrary notwithstanding:

(i) the indemnified party shall have the right, at its own cost and expense, to participate in the defense, opposition, compromise or settlement of the Claim;

(ii) the indemnifying party shall not, without the indemnified party's written consent, settle or compromise any Claim or consent to entry of any judgment which does not include the giving by the claimant to the indemnified party of a release from all liability in respect of such Claim;

(iii) in the event that the indemnifying party undertakes defense of or opposition to any Claim, the indemnified party, by counsel or other representative of its own choosing and at its sole cost and expense, shall have the right to consult with the indemnifying party and its counsel concerning such Claim and the indemnifying party and the indemnified party and their respective counsel shall cooperate in good faith with respect to such Claim; and

(iv) neither party shall have any liability to the other under any circumstances for special, indirect, consequential, punitive or exemplary damages or lost profits or similar damages of any kind, whether or not foreseeable.

(d) After Closing, all claims for breach of representations or warranties under this Agreement shall be subject to the limitations set forth in Section 9.2(b).

#### ARTICLE 10: TERMINATION AND REMEDIES

10.1 Termination. Subject to Section 10.3, this Agreement may be terminated prior to Closing as follows:

(a) by mutual written consent of Buyer and Seller;

(b) by written notice of Buyer to Seller if Seller breaches its representations or warranties or defaults in the performance of its covenants contained in this Agreement and such breach or default is material in the context of the transactions contemplated hereby and is not cured within the Cure Period (defined below);

(c) by written notice of Seller to Buyer if Buyer breaches its representations or warranties or defaults in the performance of its covenants contained in this Agreement and such breach or default is material in the context of the transactions

contemplated hereby and is not cured within the Cure Period; provided, however, that the Cure Period shall not apply to Buyer's obligations to pay the Purchase Price at Closing; or

(d) by written notice of Seller to Buyer or Buyer to Seller if Closing has not occurred on or before the first anniversary of the date of this Agreement.

10.2 Cure Period. Each party shall give the other party prompt written notice upon learning of any breach or default by the other party under this Agreement. The term "Cure Period" as used herein means a period commencing on the date Buyer or Seller receives from the other written notice of breach or default hereunder and continuing until the earlier of (i) twenty (20) calendar days thereafter or (ii) the Closing Date determined under Section 1.9; provided, however, that if the breach or default is non-monetary and cannot reasonably be cured within such period but can be cured before the Closing Date determined under Section 1.8, and if diligent efforts to cure promptly commence, then the Cure Period shall continue as long as such diligent efforts to cure continue, but not beyond the Closing Date determined under Section 1.9.

10.3 Survival. Except as provided by Section 10.5, the termination of this Agreement shall not relieve any party of any liability for breach or default under this Agreement prior to the date of termination. Notwithstanding anything contained herein to the contrary, 5.1 (Confidentiality) and 11.1 (Expenses) shall survive any termination of this Agreement.

10.4 Specific Performance. In the event of failure or threatened failure by either party to comply with the terms of this Agreement, the other party shall be entitled to an injunction restraining such failure or threatened failure and, subject to obtaining any necessary FCC consent, to enforcement of this Agreement by a decree of specific performance requiring compliance with this Agreement. Notwithstanding the foregoing, if prior to Closing the condition described in Section 10.1(c) exists, then Seller's sole remedy for Buyer's breach of this Agreement shall be termination of this Agreement and receipt of the liquidated damages amount pursuant to Section 10.5, except for any failure by Buyer to comply with its obligations related to Sections 1.9, 5.1, 5.2 or 5.3, as to which Seller shall be entitled to all available rights and remedies, including without limitation specific performance.

10.5 Liquidated Damages. If Seller terminates this Agreement pursuant to Section 10.1(c), then Buyer shall pay Seller on demand an amount equal to 20% of the Purchase Price by wire transfer of immediately available funds, and such payment shall constitute liquidated damages and the sole remedy of Seller for a breach by Buyer of this Agreement. The parties acknowledge and agree that payment of such amount shall constitute payment of liquidated damages and is not a penalty and that the liquidated damages amount is reasonable in light of the substantial but indeterminate harm anticipated to be caused by material breach or default under this Agreement, the difficulty of proof of loss and damages, the inconvenience and non-feasibility of otherwise obtaining an adequate remedy, and the value of the transactions to be consummated hereunder.

#### ARTICLE 11: MISCELLANEOUS

11.2 Further Assurances. After Closing, each party shall from time to time, at the request of and without further cost or expense to the other, execute and deliver such other instruments of conveyance and assumption and take such other actions as may reasonably be requested in order to more effectively consummate the transactions contemplated hereby.

11.4 Notices. Any notice pursuant to this Agreement shall be in writing, including by email that is confirmed by overnight courier, and shall be deemed delivered on the date of personal delivery, or the date of email confirmed as provided above, or the date of confirmed delivery by a nationally recognized overnight courier service, and shall be addressed as follows (or to such other address as any party may request by written notice):

and Kenneth H. Breon  
4283 State Route 973 East  
Cogan Station, PA 17728

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constitute notice) to:

Gammon & Grange, P.C.  
Suite 140  
8280 Greensboro Drive  
McLean, Virginia 22102  
awf@gg-law.com

If to Buyer:

James Baker, President  
Montrose Broadcasting Corporation  
P.O. Box 248  
Montrose, PA 18801  
(570) 278-2811  
james.baker@wpel.org

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

A. Wray Fitch, III, Esq.  
Gammon & Grange, P.C.  
Suite 140  
8280 Greensboro Drive  
McLean, Virginia 22102  
awf@gg-law.com

11.5 Amendments. No amendment or waiver of compliance with any provision hereof or consent pursuant to this Agreement shall be effective unless evidenced by an instrument in writing signed by the party against whom enforcement of such amendment, waiver, or consent is sought.

11.6 Entire Agreement. This Agreement (including the Schedules hereto) constitutes the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings with respect to the subject matter hereof, except any confidentiality agreement among the parties with respect to the Station, which shall remain in full force and effect. No party makes any representation or warranty with respect to the transactions contemplated by this Agreement except as expressly set forth in this Agreement.

11.7 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.



11.8 No Beneficiaries. Nothing in this Agreement expressed or implied is intended or shall be construed to give any rights to any person or entity other than the parties hereto and their successors and permitted assigns.

11.9 Governing Law. The construction and performance of this Agreement shall be governed by the laws of the Commonwealth of Pennsylvania without giving effect to the choice of law provisions thereof. The prevailing party in a lawsuit brought to enforce the performance or compliance of any provision of this Agreement may recover reasonable attorneys' fees and costs from the non-prevailing party.

11.10 Counterparts. This Agreement may be executed in separate counterparts, each of which will be deemed an original and all of which together will constitute one and the same agreement. Delivery of an executed signature page by electronic transmission shall be effective as delivery of a manually executed original signature page of this Agreement.

[SIGNATURE PAGE FOLLOWS]

SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT

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

**SELLER:**

**COVENANT BROADCASTING COMPANY, LLC**

By: John K. Hogg, Jr.

Name: John K. Hogg, Jr.

Title: General Manager, Member

By: Kenneth H. Breon

Name: Kenneth H. Breon

Title: Member

**BUYER:**

**MONTROSE BROADCASTING CORPORATION**

By: \_\_\_\_\_

Name: James R. Baker

Title: President

SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT

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

**SELLER:**

**COVENANT BROADCASTING COMPANY, LLC**

By: \_\_\_\_\_

Name: John K. Hogg, Jr.

Title: General Manager, Member

By: \_\_\_\_\_

Name: Kenneth H. Breon

Title: Member

**BUYER:**

**MONTROSE BROADCASTING CORPORATION**

By: \_\_\_\_\_

Name: James R. Baker

Title: President

**List of Schedules to Asset Purchase Agreement**

Exhibit A	Escrow Agreement
<i>Schedule 1.1(a)</i>	FCC Licenses, Permits, and Authorizations
<i>Schedule 1.1(b)</i>	Tangible Assets
<i>Schedule 1.1(d)</i>	Contracts
<i>Schedule 1.2(c)</i>	Other Specifically Excluded Assets
<i>Schedule 1.8</i>	Allocation of Purchase Price
<i>Schedule 2.13</i>	Third Party Consents

**Schedule 1.1(a)**

**FCC License, Permits, and Authorizations**

Station Call Sign: WJSA-FM  
Facility ID No.: 33085  
Community of License: Jersey Shore, PA  
Frequency: 96.3 mHz.  
Most Recent License File No.: BRH 20140328ABY

Studio Transmitter Link: WHY914 Associated with above

Station Call Sign: W263AG (FM Fill-In Translator)  
Facility ID No.: 36237  
Community of License: Williamsport, PA  
Frequency: 100.5 mHz.  
Most Recent License File No.: BRH 20140328ABY

Construction Permit for the following FM Booster:  
Station Call Sign: WJSA-FM1  
Facility ID No.: 757445  
Community of License: Jersey Shore, PA  
Frequency: 96.3 mHz.  
File Number 0000122172    Granted 12/1/2020

## **Schedule 1.1(b)**

### **Tangible Assets**

Equipment list at WJSA-FM's Transmitter Site:

Sintronic SI-F-3 FM Broadcast Transmitter  
Byrd Low Pass Filter  
Coaxial Dynamics In-Line Wattmeter  
PSI 2 Bay Directional Antenna System with Radomes  
200 ft of 1 5/8 inch coaxial cable  
Andrew Transmission Line Air Pressure Dehydrator  
Bext Lex 25 FM Exciter  
Optimod 8000 Audio Processor  
Gentner VRC-2000 Remote Control System with Relay Interface  
Belar FMM-1 Modulation/Frequency Monitor  
Marti R-200 STL Receiver, 1/2 inch coaxial cable and antenna  
Set of used tubes for emergency Backup: 3CX3000A7 & Two 4CX250B  
6 ft Equipment Rack and power strips  
(Excluded: WISP Internet Equipment for VOIP, WiFi - Owned by Provider)

Equipment list at W263AG Translator Site:

CSI Ex-20F FM Exciter  
Scala CA-5-FM Yagi Antenna  
LMR-400 coaxial cable  
Custom Peak Limiter  
Carver Tx-8r Receiver  
Receiving antenna and coaxial cable  
6 ft. Equipment Rack and power strips

Equipment list for WJSA-FM1 Booster Site: (Currently under construction)

Scala CL-FM Log Periodic Antenna (V pol)  
7/8 inch Coaxial Transmission Line  
BW Broadcast 150 Watt FM Broadcast Amplifier  
Bext HPT-FMR 20 Transposer (yes, Transposer - not typo)  
Yagi Receiving Antenna and coaxial cable

**Schedule 1.1(d)**

**Station Contracts/ Leases**

Charles Construction Company, Inc. Lease for tower and building space on Big Springs Road in the Tiadaghton State Forest, Gallagher Township, Clinton County, PA dated June 26, 2008.

Maximum Impact Communications, Inc. Lease for tower and building space located on Skyline Drive in the Tiadaghton State Forest, Armstrong Township, Lycoming County, PA dated August 1, 2000.

Verbal agreement pending written lease with Backyard Broadcasting of Pennsylvania for tower and building space at the WILQ site, Skyline Drive in the Tiadaghton State Forest, Armstrong Township, Lycoming County, PA



**Schedule 1.2(c)**

**Other Specifically Excluded Items**

All Studio and Office Equipment and Furnishings at 262 Allegheny St., Jersey Shore, PA.

**Schedule 1.8**

**Allocation of Purchase Price**

Equipment (Old)	\$10,000
Covenant Not to Compete	5,000
License... whatever appears to be fmV in your judgment	
Goodwill	Balance of PP

## **Schedule 2.13**

### **Third Party Consents**

Consents to transfer the above leases with:

Charles Construction Company, Inc,  
838 E Central Ave, Jersey Shore, PA 17740  
Thomas F. Charles, President  
Ph: (570) 753-3595  
Email: charlescco@comcast.net

Maximum Impact Communications, Inc. (WQBR Radio)  
PO Box 99  
103 W Highland St, Avis, PA 17721  
Karyn Stratton, President  
Ph: (570) 769-2327  
Email: bear@kcnet.org

Backyard Broadcasting of Pennsylvania  
1685 Four Mile Drive, Williamsport, PA 17701  
Van Michael, President/CEO  
Ph: (570) 323-8200  
Email: vmichael@backyardbroadcasting.com