

ASSET PURCHASE AGREEMENT

THIS AGREEMENT, made and entered into this 30th day of June, 2004 by and between Research Educational Foundation, Inc., ("Seller") and Covenant Educational Media, Inc., a Texas non-profit corporation, or its assigns ("Buyer").

WITNESSETH

WHEREAS, Seller is the owner, operator, and licensee of non-commercial FM radio station KVTB (the "Station") licensed to Dallas, Texas, under authority of License issued by the Federal Communications Commission (the "FCC"), for the term ending August 1, 2005 (the "License"); and

WHEREAS, Seller desires to sell and Buyer desires to buy the property, assets and rights of the Station pursuant to the terms and conditions stated herein; and

WHEREAS, such sale and purchase, as contemplated by this Agreement, is subject to and conditioned upon the consent of the FCC to the terms and conditions stated herein and the assignment of the License;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements stated herein, the parties hereto agree as follows:

1. **Assets Sold and Purchased.** On the date of the closing of this Agreement, as provided for in Section 5 below (the "Closing Date"), Seller will cause to be sold, transferred, assigned and conveyed to Buyer, by appropriate instruments, and Buyer will purchase, subject to the terms and conditions set forth herein, the below listed assets of Seller free and clear of any debts, liens, or encumbrances of any kind, including, without limitation, the following assets and properties (collectively the "Assets"):

1.1 **License**. The License and all other FCC licenses and authorizations for the operation of the Station as set forth in **Exhibit 1.1** hereto, and any and all other licenses, rights, permits and authorizations issued to Seller by any other regulatory agency which are used or useful in connection with the operation of the Station.

1.2 **Personal Property**. All the assets listed and described in **Exhibit 1.2 hereto**, together with replacements thereof and improvements and additions made between the date hereof and the Closing Date (collectively the "Personal Property"), all free and clear of all liens, claims, security instruments and encumbrances of any kind whatsoever.

1.3 **Contracts**. The contracts and agreements listed and described in **Exhibit 1.3** attached hereto which are to be in effect on the Closing Date, except those which may have been unilaterally canceled by a party other than Seller; provided that legal rights, if any, accruing to Seller by virtue of any such unilateral cancellation by a party other than Seller, shall be assigned by Seller to Buyer on the Closing Date. To the extent that the assignment of any contract listed in **Exhibit 1.3** may require the consent of a third party, Seller will use its best efforts to secure such consent. In the event that Seller is unable to secure such consent, Buyer will not be required to assume performance pursuant to such contract or agreement.

1.4 **Studio Lease**. A sublease of space in the current studio building sufficient for Buyer's operation of the Station, in the form and pursuant to the terms set forth in **Exhibit 1.4** (the "Studio Lease").

1.5 **Call Letters and Promotional Assets.** All right, title and interest in and to the use of the call letters KVTB, and all of Seller's rights to any slogans, jingles, trademarks, trade names, service marks, logos, copyrights or similar materials or rights used by Seller in the operation of the Station.

1.6 **Books and Records.** All books and records used in connection with the operation of the Station through the Closing Date, including, but not limited to, all logs maintained in connection with the Station, whether or not required by the FCC; the Station public inspection file, and the donor records of the Station, including name, contact information and any donation data and history. Such records may be provided in electronic format, but no software or computer programs shall be provided therewith. Buyer acknowledges that Station donation commitments are non-binding, and that Seller is not, by providing donor records, representing or warranting that donors identified will make further donations to the Station after Closing.

1.7 **Intangible Assets.** The goodwill and all other intangible assets used exclusively in the operation of the Station.

1.8 **Right of First Refusal.** A right of first refusal, granted by Seller to Buyer, to purchase the assets of non-commercial FM station KVRK, Sanger, Texas, which is also licensed to Seller, pursuant to the terms and conditions set forth in **Exhibit 1.8** attached hereto (the "ROFR"). Nothing herein shall be construed to imply that the ROFR exists prior to the execution of the ROFR agreement at the KVTB Closing.

2. **Excluded Assets.** The assets listed in **Exhibit 2**, including the Seller's corporate records, the Seller's cash and cash equivalents, any Station donations received

by Seller prior to the Closing, and any programming fees for programming aired by Seller prior to the Closing Date, will not be conveyed to Buyer.

3. **Purchase Price**. The total purchase price for all of the assets sold and purchased, as described in Section 1 above, shall be SIXTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS (\$16,500,000) (the "Purchase Price"), which shall be paid by Buyer to Seller as follows:

3.1 **Payment at Closing**. On the Closing Date Buyer shall pay to Seller the sum of SIXTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS (\$16,500,000), by cashier's check or electronic funds transfer, or as otherwise agreed by the parties. Said amount shall be inclusive of the Escrow Deposit, which shall be allocated toward the Purchase Price.

3.2 **Assumed Liabilities**. The Buyer at the Closing shall assume only liabilities accruing subsequent to the Closing under the contracts attached hereto as

Exhibits 1.3.

3.3 **Payment of Liabilities by Seller**. Seller shall pay, perform, discharge and settle (i) all of the material liabilities at Closing which at such time, or with the passage of time, would result in an encumbrance on any of the Assets; and (ii) all other liabilities in the ordinary course of business and on a timely basis (except for liabilities being disputed by Seller in good faith and by appropriate proceedings) and Seller shall deliver the Assets to Buyer at Closing free and clear of liabilities, liens, or encumbrances. Seller shall pay the final salaries of each of the employees of the Seller for monies due them to and including the Closing Date.

3.4 **Broker Fees.** Seller shall be solely responsible for payment of all brokerage fees owed to John Pierce & Company, LLC.

4. **Escrow Deposit.**

A. Upon execution and delivery of this Agreement, Buyer shall deposit the amount of FIVE HUNDRED THOUSAND DOLLARS (\$500,000) (the "Escrow Deposit") with Hardy, Carey & Chautin, LLP ("Escrow Agent"). The Escrow Deposit shall be by electronic funds transfer or other method agreed to by the parties and shall be held in escrow by the Escrow Agent pursuant to the terms of an Escrow Agreement in the form attached hereto as **Exhibit 4**. The Escrow Agreement shall be signed by Seller, Buyer, and Escrow Agent simultaneously with the execution of this Agreement. At Closing, Seller and Buyer shall join in causing the Escrow Deposit, together with all accrued interest, to be released in accordance with the Escrow Agreement.

5. **Closing of the Agreement.** The closing of this Agreement (the "Closing") shall take place at the offices of Seller in Dallas, Texas within ten (10) days after the FCC's grant of the FCC's order granting the assignment of the Station licenses from Seller to Buyer has become final (the "Closing Date"), unless the parties subsequently mutually agree, in writing, to a different time and date, or alternative location, and shall occur simultaneously with the closing of the separate purchase agreement between Thomas Towers of Texas, Inc. and Buyer for the tower and real estate on which the Station's antenna and transmitter operate (the "Tower Purchase Agreement"). The word "final" shall mean the date on which the time for rehearing, reconsideration, review or appeal by the Commission or any court under the provisions of

the Communications Act of 1934, as amended, or the regulations issued by the Commission thereunder, shall have expired without any request for rehearing, reconsideration, review or appeal pending. If the Closing of this Agreement as contemplated herein has not been completed within twelve (12) months after acceptance for filing by the FCC of the application for assignment of the Station's license to Buyer, either party not then in default shall have the right to terminate this Agreement.

7. **Contracts and Obligations Not Assumed.** Buyer does not hereby assume any obligation or liability for any of the following (unless otherwise assumed in the Exhibits attached hereto):

(a) Frequency discounts, rebates or allowances to underwriters which are based on broadcasts prior to the Closing Date and which do not reflect a uniform rate of compensation to the Station throughout the entire term of the underwriting schedule;

(b) Vacation and holiday pay and allowances to employees to the extent that such pay and allowances are based upon services rendered prior to the Closing Date.

8. **Seller's Representations, Warranties and Covenants.** Seller makes the following representations, warranties, and covenants, each of which shall be deemed to be a separate representation, warranty, and covenant, all of which have been made for the purpose of inducing Buyer to join in and execute this Agreement, and in reliance on which Buyer has entered into this Agreement:

8.1 **Organization.** Seller is now and will be on the Closing Date, a non-profit corporation duly organized, existing and in good standing under the laws of the State of Texas. The execution, delivery and consummation of this Agreement and the

transactions contemplated herein have been duly authorized by Seller's Board of Directors and no further authorization, approval or consent is required. The execution, delivery and consummation of this Agreement will not conflict with any provision of the By-Laws or Articles of Incorporation of Seller. Seller, at the Closing, will provide evidence satisfactory to Buyer's counsel of corporate authority to consummate the transactions contemplated herein.

8.2 **Licenses and Authorizations.** Seller holds the FCC Licenses and all other permits and authorizations necessary for or used in connection with the operation of the Station, and those FCC Licenses and all such permits and authorizations are will continue to be in full force and effect at the Closing. The FCC License for the Station will expire at midnight, August 1, 2005. Except for proceedings of general applicability or specific applicability to this market, to the best of Seller's knowledge, after due investigation, no application, action or proceeding is pending for the modification of the FCC License or any of such permits or authorizations, and no application, action or proceeding is pending or threatened that may result in the revocation, modification, non-renewal or suspension of the FCC License or any such permits or authorizations, the issuance of a cease-and-desist order, or the imposition of any administrative or judicial sanction. All applications, reports and other disclosures required by the FCC with respect to the Station have been, or will be at the Closing, duly filed.

8.3 **Personal Property.**

(a) On the Closing Date, Seller will convey good and marketable title to all the Personal Property, free and clear of all liens, pledges and encumbrances

whatsoever, in “as is” condition, without any warranty or representation, express or implied, as to fitness or for any other purpose except as to the suitability of such equipment for the operation of the Station. The assets listed on **Exhibit 1.2**, together with all improvements, replacements and additions thereto from the date hereof to the Closing Date, will, at Closing, constitute the tangible personal property owned by Seller necessary to operate the Station in accordance with the Station Licenses. All such properties, equipment and assets to be sold hereunder are transferable by Seller by its sole act and deed and no consent on the part of any other person is necessary to validate the transfer thereof to Buyer, except as otherwise expressly contemplated by this Agreement.

(b) The assets listed in **Exhibit 1.2** do now and will conform at Closing in all material respects with all material and applicable rules of the FCC and the FCC authorization for the Station.

8.4 **Employment Contracts.** No employee of the Station has, or will on the Closing Date, have a contract of employment not terminable at will.

8.5 **Record Keeping and Reporting.** All applications, reports and other disclosures required by the FCC with respect to the Station for such periods during which the Station is owned by Seller have been, and will be as of the Closing, duly filed. Such items as are required to be placed in the Station's local Public File have been placed in such file. All proofs of performance and measurements that are required to be made by Seller with respect to the Station's transmission facilities have been completed and filed at the Station.

8.6 **Contracts.** True and complete copies of all contracts and agreements listed on **Exhibit 1.3** have been furnished to Buyer. To the best of Seller's

knowledge, all provisions of such contracts and agreements and of any other contracts and agreements which may be effectuated between the date hereof and the Closing Date relating to the operation of the Station have been complied with and will have been complied with as of the Closing, and no material default in respect to any duties or obligations required to be performed thereunder are or will have occurred. To the best of Seller's knowledge there are not and will not be as of the Closing any agreements, contracts, understandings or commitments which do or will restrict or inhibit the right of Seller to enter into this Agreement, to make the representations and warranties provided herein, or to consummate any of the transactions contemplated hereby.

8.7 **Reserved.**

8.8 **Insolvency Proceedings.** No insolvency proceedings of any character including, without limitation, bankruptcy, receivership, reorganization, composition or arrangement of creditors, voluntary or involuntary, affecting the Seller or any of its assets or properties are pending or, to the knowledge of Seller, threatened, and to the best of its knowledge Seller has made no assignment for the benefit of creditors, or taken any action with a view to, or which would constitute the basis for, the institution of any such insolvency proceedings.

8.9 **Litigation.** To the best of Seller's knowledge, no judgment is presently pending against Seller and, except for proceedings of general applicability or specific applicability to this market, there is no litigation, proceeding or investigation by or before the FCC or by or before any other person, firm or governmental agency pending, or, to the best knowledge of Seller, threatened with respect to the Station which might result in any material adverse change in the operation of the Station or would have

a material adverse effect on the right, title or interest of Seller in the property and assets to be transferred hereunder or would have a material adverse effect on the ownership, use or possession of the Station or any of such property or assets by Buyer or which may question the validity of any action taken or to be taken pursuant to or in connection with any of the provisions of this Agreement; and Seller does not know of any basis for any such litigation, proceeding or investigation.

8.10 **Insurance.** There is presently in force fire, casualty and liability insurance as specified in **Exhibit 8.10** in respect to the properties and assets to be transferred and conveyed hereunder and the business and operations of the Station, and Seller will maintain or cause to be maintained such presently existing insurance in force until the Closing.

8.11 **Disposal of Assets.** Between the date hereof and the Closing Date, Seller will not sell or agree to sell or otherwise dispose of the Assets to be conveyed pursuant to this Agreement other than in the ordinary course of business and only as such assets are replaced, prior to the Closing Date, by other assets of equal or greater worth and utility.

8.12 **No Infringement.** To the best of Seller's knowledge, the operations of the Station do not infringe, and no one has asserted that such operations infringe, any copyright, patent, trademark, trade name, service mark, or other similar right of any other party.

8.13 **No Breach.** To the best of Seller's knowledge, the execution and performance of this Agreement will not violate any order, rule, judgment, or decree to

which Seller is subject or breach any contract, agreement, or other commitment to which Seller is a party or by which Seller is bound.

8.14 **Administrative Violations.** If Seller receives an administrative or other order relating to any violation of the rules and regulations of the FCC, or of any other federal, state or local regulatory or administrative body, including rules regarding the employment of labor and equal employment opportunity, it will promptly notify Buyer of such order and use reasonable efforts to remove or correct such violations and will be responsible for the cost of removing same, including the payment of any fines or back pay that may be assessed for any such violation, and Seller will indemnify and hold Buyer harmless with respect to any and all such violations occurring prior to the Closing Date. As of the date hereof, Seller is not aware of any such violations, any pending investigations concerning such violations, or of any facts which could reasonably result in such violations.

8.15 **Preservation of Business.** Seller shall use its best efforts, consistent with past practices, to maintain the present character of the Station and the quality of its programs, preserve the business organization and make-up of the Station, keep available for Buyer the services and number of the Station's present employees, and preserve the Station's present customers, audience rankings, and business relations.

8.16 **Operations Pending Closing.** Between the date hereof and the Closing Date, the Station shall be operated in the normal and usual manner in accordance with the rules, regulations and policies of the FCC, and the Station's business shall be conducted only in the ordinary course. No increase shall be made in the compensation payable or to become payable to any employee or agent of the Station other than in the

ordinary course of business consistent with Seller's past practice. No employment contract shall be entered into by Seller or on behalf of the Station which would legally bind the Buyer following the Closing, unless the same is terminable at will. No other contract, lease or agreement which has a term extending beyond the Closing Date shall be entered into by Seller or on behalf of the Station, without the prior written consent of Buyer.

8.17 **Adverse Developments.** Seller shall promptly notify Buyer, in writing, of any materially adverse developments with respect to the business or operations of the Station.

8.18 **No Misleading Statements.** To the best of Seller's knowledge, no representation or warranty by Seller in this Agreement and no information furnished or to be furnished by Seller to Buyer regarding Seller or the Station contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact necessary to make the statements contained herein not misleading.

8.19 **Buyer Reliance.** The foregoing representations and warranties are made by Seller with the knowledge and expectation that Buyer is placing complete reliance thereon in entering into this Agreement.

9. **Buyer's Representations and Warranties.** Buyer hereby makes the following representations, warranties and covenants each of which shall be deemed to be a separate representation, warranty and covenant, all of which have been made for the purpose of inducing Seller to join in and execute this Agreement, and in reliance on which Seller has entered into this Agreement:

9.1 **Corporate Existence.** Buyer is now and will be at the time of the Closing, a non-profit corporation duly organized, existing and in good standing under the laws of the State of Texas.

9.2 **Corporate Authorization.** The execution, delivery and consummation of this Agreement has been duly authorized by the Board of Directors of Buyer and no further authorization, approval or consent is required.

9.3 **No Breach.** The execution, delivery and consummation of this Agreement will not conflict with any provision of the By-Laws or Articles of Incorporation of Buyer.

9.4 **Buyer Qualified.** Buyer is legally, financially and otherwise qualified to acquire and operate the Purchased Assets consistent with the Communications Act of 1934, as amended, and the rules and regulations of the Federal Communications Commission ("FCC"). To the best of Buyer's knowledge, no circumstances exist which reasonably could support a conclusion by the FCC that Buyer lacks the requisite qualifications to acquire and operate the Station.

9.5 **No Conflict.** Neither the execution or delivery of this Agreement nor compliance with the terms of this Agreement will (i) conflict with any order, judgment, injunction, award or decree of any governmental body, administrative agency or court, or any agreement, lease or commitment, to which Buyer is a party or by which Buyer is bound, or (ii) constitute a violation by Buyer of any law or regulation applicable to it.

9.6 **Litigation.** There is no claim, litigation, proceeding or governmental investigation pending or threatened, or any judgment, order, injunction or

decree outstanding, against Buyer and Buyer does not know of any valid basis for future claims, litigations, proceedings or investigations against Buyer that might materially and adversely affect its ability to consummate the transactions contemplated by this Agreement.

9.7 **Seller Reliance**. The foregoing representations and warranties are made by Buyer with the knowledge and expectation that Seller is placing complete reliance thereon in entering into this Agreement.

10. **Indemnification**.

10.1 **Buyer's Right to Indemnification**. Seller undertakes and agrees to hold Buyer harmless against any and all losses, costs, liabilities, claims, obligations and expenses, including reasonable attorney's fees, incurred or assumed by Buyer arising from breach, misrepresentation, or other violation by Seller of any of the covenants, warranties or representations contained in this Agreement, and for and against (i) all liabilities of Seller not assumed by Buyer pursuant to this Agreement, (ii) all liens, charges, or encumbrances on any of the assets transferred hereunder not specifically excepted herein, and (iii) all liabilities of Seller accruing prior to Closing under the contracts, leases, and agreements assigned to Buyer hereunder. The foregoing indemnity is intended by the Seller to cover all acts, suits, proceedings, claims, demands, assessments, adjustments, costs, and expenses with respect to any and all of the specific matters in this indemnity set forth which exceed in the aggregate \$5,000.

10.2 **Seller's Right to Indemnification**. Buyer undertakes and agrees to hold Seller harmless against any and all losses, costs, liabilities, claims, obligations and expenses, including reasonable attorney's fees, incurred or assumed by Seller arising

from breach, misrepresentation, or other violation by Buyer of any of the covenants, warranties and representations contained in this Agreement, and for and against (i) all liabilities of Buyer, (ii) any and all liabilities or obligations accruing after the Closing Date under the contracts, leases, and agreements assumed by Buyer hereunder and (iii) any actions by Buyer after Closing. The foregoing indemnity is intended by the Buyer to cover all acts, suits, proceedings, claims, demands, assessments, adjustments, costs, and expenses with respect to any and all of the specific matters in this indemnity set forth which exceed in the aggregate \$5,000.

10.3 **Procedure**. If any claim or proceeding covered by the foregoing agreements to indemnify and hold harmless shall arise, the party who seeks indemnification shall give written notice thereof to the other party promptly (in no event more than ten (10) days after it learns of the existence of such claim or proceeding) and the party from whom indemnification is sought shall have the right to employ counsel to defend against any such claim or proceeding or to compromise, settle or otherwise dispose of the same, if the indemnifying party deems it advisable to do so, all at the expense of the indemnifying party. The parties will fully cooperate in any such action, making available to each other books or records for the defense of any such claim or proceeding. If a party from whom indemnification is sought does not furnish a written acknowledgment of its undertaking to defend or settle such claim or proceeding within ten (10) days after receipt of the notice of claim from the party seeking indemnification (or such shorter time specified in the notice as the circumstances of the matter may dictate), the party seeking indemnification shall be free to dispose of the matter, at the

expense of the indemnifying party, in any reasonable way which it deems in its best interest.

11. **Survival of Representations and Warranties.** The several representations and warranties of the parties contained herein shall survive the Closing for a period of four (4) months; provided, however, that all warranties as to corporate authority and as to title to all Personal and Real Property shall survive for such maximum period as permitted by law.

12. **Actions Pending Closing.** Pending the Closing of this Agreement, Seller will:

12.1 **Access:**

(a) Give Buyer or representatives of Buyer reasonable access during normal business hours to the property, titles, contracts, books, records and affairs of Seller relating to the operation of the Station and furnish Buyer with all documents and copies of documents and information concerning the business and affairs of the Station as Buyer may reasonably request; provided, however, that no investigation made by or on behalf of Buyer shall affect Seller's representations, warranties and covenants hereunder. Buyer and its counsel, accountants, engineers and other representatives shall hold in confidence all data and information obtained, except for public record information, and if the transactions provided for in this Agreement are not consummated as contemplated, shall continue to hold such non-public information in confidence and return all documents without retaining any copies, and further they shall not directly or indirectly disclose to anyone or use in competition with the Station any data and information obtained in connection with this proposed purchase, or induce or attempt to persuade any

of Seller's employees not to be employed by, or to terminate their employment with Seller at anytime.

(b) Give Buyer and its representatives full access to the studios and studio equipment and the right to inspect the transmitting tower and equipment.

12.2 **Compliance with Laws.** Comply in all material respects with all applicable federal, state and local laws, ordinances and regulations including, but not limited to, the Communications Act of 1934 and the rules and regulations of the FCC.

12.3 **Continuing Maintenance.** Keep and maintain in normal operating repair and efficiency all property to be sold hereunder and including all of the items of property set forth in **Exhibit 1.2** hereto; provided, that, to the extent required in the normal operation of the Station, such items of property may be replaced with similar property of similar value.

13. **Conditions Precedent to Buyer's Obligations to Close.** The obligation of Buyer to consummate this Agreement is subject to the satisfaction, or to Buyer's written waiver, on or before the Closing, of each of the following conditions:

13.1 **Representations and Warranties True and Correct.** The representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date and all of the agreements of Seller to be performed on or prior to the Closing pursuant to the terms of this Agreement shall have been duly performed. Such facts shall be evidenced by a certificate to that effect, delivered at Closing, and signed by the President of Seller.

13.2 **No Litigation Threatened.** No litigation, investigation or proceeding of any kind shall have been instituted or threatened which would have a material adverse effect on the assets or operations of the Station.

13.3 **FCC Consent.** At the time of the Closing the FCC's consent to the assignment of Licenses and any other FCC authorizations to Buyer shall have become final, and said Licenses and other FCC authorizations shall contain no adverse modifications of the terms of the License and such authorizations as they presently exist.

13.4 **Tower and Property.** The closing of the Tower Purchase Agreement shall take place simultaneously with the closing of this transaction. If the Closing of the Tower Purchase Agreement does not occur, neither party shall be obligated to close this Agreement.

13.5 **Compliance with Conditions.** All of the terms, covenants and conditions to be complied with, or performed by Seller on or before the Closing Date shall have been duly complied with and performed in all respects.

13.5 **Delivery of Assets.** At Closing, Seller shall deliver or cause to be delivered to Buyer all of the assets to be transferred hereunder.

13.6 **Closing Documents.** At Closing, Seller shall deliver to Buyer all the closing documents specified in Section 16, which documents shall be duly executed.

13.7 **Legal Matters.** All legal matters relating to the Closing shall be reasonably satisfactory to counsel to the Buyer.

14. **Conditions Precedent to Seller's Obligations to Close.** The obligations of Seller under this Agreement are subject to the satisfaction, or to Seller's written waiver, on or before the Closing, of the following conditions:

14.1 **Payments.** All payments which are due and payable by Buyer under this Agreement on or before the Closing Date shall have been paid in accordance with the terms of this Agreement and Buyer shall have executed all of the documents required by Sections 3 and 16 hereof.

14.2 **Representations and Warranties True and Correct.** Each of the covenants, representations and warranties of Buyer contained herein shall, to the extent applicable, be true at and as of the Closing Date, as though each such covenant, representation or warranty had been made at and as of such time.

14.3 **Consents.** Seller shall have duly received, without any conditions materially adverse to it, all consents and approvals under any agreement to which Seller is a party, and under any statute, necessary for (i) consummation of the sale of the Assets to Buyer and (ii) Buyer to acquire control of the Station.

14.4 **Final Order.** The Final Order of the Commission shall be in effect unless finality is waived, in writing, by the parties.

14.5 **No Injunction.** There shall not be in effect an injunction or restraining order issued by a court of competent jurisdiction in any action or proceeding against the consummation of the sale of the Assets contemplated by this Agreement.

14.6 **Legal Matters.** All legal matters relating to the Closing shall be reasonably satisfactory to counsel to the Seller.

14.7 **Tower and Property.** The closing of the Tower Purchase Agreement shall take place simultaneously with the closing of this transaction. If the Closing of the Tower Purchase Agreement does not occur, neither party shall be obligated to close this Agreement.

15. **FCC Approvals and Applications**

15.1 **Condition of FCC Consent.** Consummation of the transactions contemplated by this Agreement is subject to and conditioned upon receipt from the FCC of its consent in writing to the assignment to Buyer of the FCC License and other authorizations to be transferred to Buyer hereunder which consent shall have become final on or before the Closing. Such consent shall be deemed to have become final ("Final Order") when it is no longer subject to timely review by the FCC or by any court or, in the event of reconsideration upon its own motion or otherwise by the FCC or in the event of an appeal by any person or any court, when the decision of such body is no longer subject to appeal or review. The requirement that the consent of the FCC shall have become final may be waived by mutual, written consent of the parties to this Agreement.

15.2 **Applications for Consent.** The parties to this Agreement agree to proceed as expeditiously as practicable to file or cause to be filed an application requesting FCC consent to the assignment and transfer of the License and other authorizations, as contemplated by this Agreement (the "Assignment Application"). The parties agree that the Assignment Application shall be duly filed with the FCC not later than ten (10) working days after this Agreement is executed, and that such application shall be prosecuted in good faith and with due diligence. The failure of either party to timely file or diligently prosecute its portion of the Assignment Application shall be deemed a material breach of this Agreement. Buyer and Seller each agree to pay one-half (1/2) of the filing fee for the Assignment Application. Seller agrees to pay the cost of any engineering studies required by the FCC, ownership reports, employment reports or other

FCC filings and filing fees required by virtue of Seller's ownership of the Station prior to the Closing Date.

15.3 **Absence of Commission Consent.** If a Final Order granting the Assignment Application is not secured within such time as to permit the Closing of this Agreement within twelve (12) months after acceptance for filing of the Assignment Application by the FCC pursuant to the terms hereof, then this Agreement may be terminated at the option of either party not then in default, upon written notice to the other.

15.4 **Designation for Hearing.** The time for FCC consent provided in Section 15.3 notwithstanding, either party may terminate this Agreement upon written notice to the other, if, for any reason, the Assignment Application is designated for hearing by the FCC; provided, however, that the party giving such notice is not in default under the terms of this Agreement. Upon termination pursuant to this Paragraph, the parties shall be released and discharged of all obligations hereunder and the Escrow Deposit, together with accrued interest, shall be returned to the Buyer.

15.5 **Control of Station Pending Closing.** This Agreement shall not be consummated until after the FCC has given its written consent thereto, and between the date of this Agreement and the Closing Date, Buyer shall not directly or indirectly control, supervise or direct, or attempt to control, supervise or direct the operation of the Station. Such operation shall be the sole responsibility of Seller.

16. **Closing Documents.** On the Closing Date at the Closing Place:

16.1 Seller shall deliver to Buyer:

(a) An Assignment transferring all of the interests of Seller in and to the Station Licenses and all other licenses, permits, and authorizations issued by any other regulatory bodies which are used or useful in the operation of the Station;

(b) A bill of sale conveying to Buyer all of the Personal Property in a form usual and customary in the State of Texas and reasonably satisfactory to Buyer's counsel;

(c) One or more assignments, together with all required consents, assigning to Buyer all of the Contracts and Agreements;

(d) Studio Lease in the form attached hereto as **Exhibit 1.4**;

(e) A certificate, dated as of the Closing date, executed by the President of Seller, confirming the truth and correctness of all of Seller's representations and warranties as of the Closing date, and confirming that all agreements, covenants and undertakings of Seller to be performed or fulfilled have been performed or fulfilled;

(f) A Certificate, dated as of the Closing date, of the President and Secretary of Seller certifying that all necessary corporate or other action by Seller has been taken to approve this Agreement and to authorize the consummation of the transactions described herein; and a Certificate of Incumbency of Seller's officers and directors;

(g) The books, records and files referred to in Section 1.6 hereof.

(h) A Right of First Refusal in the form attached hereto at **Exhibit 1.8**.

16.2 Buyer shall deliver to Seller:

(a) The Purchase Price, in the form provided for in Section 3 hereof.

(b) A certificate, dated as of the Closing date, executed by the President of Buyer confirming the truth and correctness of all of Buyer's representations and warranties as of the Closing Date, and confirming that all agreements, covenants and undertakings of Buyer to be performed or fulfilled have been performed or fulfilled.

(c) A certificate, dated as of the Closing date, of the President and Secretary of Buyer certifying that all necessary corporate or other action by Buyer has been taken to approve this Agreement and to authorize the consummation of the transactions described herein; and a Certificate of Incumbency of Buyer's officers and directors;

17. **Prorations.**

17.1 **Apportionment of Income and Expense.** Seller shall be entitled to all income received, and shall be responsible for all expenses, accruing out of the operations of the Station through the close of business on the Closing Date. Buyer shall be entitled to all income received, and shall be responsible for all expenses, accruing out of the operations of the Station after the close of business on the Closing Date. All overlapping items of income or expense, including the following, shall be prorated between the Seller and Buyer as of the close of business on the Closing Date (the "Prorations"):

(a) Advance payments received from underwriters prior to or on the Closing Date for services to be rendered in whole or in part after the Closing Date;

(b) Prepaid expenses and deposits arising from payments made for goods or services prior to the close of business on the Closing Date where all or part of the goods or services have not been received or used at the close of business on the Closing Date (for example, rents or utilities paid in advance for a rental period extending beyond the Closing Date);

(c) Liabilities, customarily accrued, arising from expenses accrued but unpaid as of the close of business on the Closing Date (e.g., payroll, payroll taxes, and employee benefits [including vacation, severance pay and related expenses] of Station employees who enter into Buyer's employ after closing), frequency discounts, utility services, rent, sales commissions, and business and professional services;

(d) Utility charges related to the Station or in respect of any of the Assets; and

(e) Deposits and unearned prepayments received by Seller in connection with any agreement assumed by Buyer.

17.2 **Determination and Payment.** Prorations shall be made and paid, insofar as feasible, on the Closing Date and shall be paid by separate check and not by way of adjustment to the purchase price. As to Prorations that cannot be made on the Closing Date, within sixty (60) days after the Closing Date, Buyer shall determine all such Prorations and shall deliver a statement of its determinations to Seller, which statement shall set forth in reasonable detail the basis for such determinations, and within thirty (30) days thereafter Buyer shall pay to Seller or Seller shall pay to Buyer, as the case may be, the net amount due. If Seller does not concur with Buyer's determinations, the parties shall confer with regard to the matter and an appropriate adjustment and

payment shall be made as agreed upon by the parties. If the parties are unable to resolve the matter, it shall be referred to a firm of independent certified public accountants, mutually acceptable to Seller and Buyer, whose decision shall be final, and whose fees and expenses shall be shared equally by Seller and Buyer.

18. **Default and Remedies.**

18.1 **Material Breaches.** A party shall be deemed to be in default under this Agreement only if such party has materially breached or failed to perform its obligations hereunder, and no non-material breaches or failures shall be grounds for declaring a party to be in default, postponing the Closing, or terminating this Agreement.

18.2 **Opportunity to Cure.** If either party believes the other to be in default hereunder, the former party shall provide the other with written notice specifying in reasonable detail the nature of such default. If the default has not been cured by the earlier of (i) the Closing Date, or (ii) within ten (10) days after delivery of that notice (or such additional reasonable time as the circumstances may warrant provided the party in default undertakes diligent, good faith efforts to cure the default within such ten (10) day period and continue such efforts thereafter), then the party giving such notice may exercise the remedies available to such party pursuant to this Section, subject to the right of the other party to contest such action through appropriate proceedings.

18.3 **Arbitration.** Except for the special arbitration provisions provided for herein, and as otherwise provided to the contrary below, any dispute arising out of or related to this Agreement that Seller and Buyer are unable to resolve by themselves shall be settled by arbitration in Texas, by a panel of three arbitrators. Seller and Buyer shall each designate one disinterested arbitrator, and the two arbitrators so

designated shall select the third arbitrator. The persons selected as arbitrators need not be professional arbitrators, and persons such as lawyers, accountants, brokers, and bankers shall be acceptable. Before undertaking to resolve the dispute, each arbitrator shall be duly sworn faithfully and fairly to hear and examine the matters in controversy and to make a just award according to the best of his or her understanding. The arbitration hearing shall be conducted in accordance with the rules of the American Arbitration Association. The written decision of a majority of the arbitrators shall be final and binding on Seller and Buyer. The costs and expenses of the arbitration proceeding shall be assessed between Seller and Buyer in a manner to be decided by a majority of the arbitrators, and the assessment shall be set forth in the decision and award of the arbitrators. Judgment on the award, if it is not paid within thirty (30) days, may be entered in any court having jurisdiction over the matter. No action at law or suit in equity based upon any claim arising out of or related to this Agreement shall be instituted in any court by Seller or Buyer against the other except (i) an action to compel arbitration pursuant to this Section, or (ii) an action to enforce the award of the arbitration panel rendered in accordance with this Section.

18.4 **Cross Default with Tower Purchase Agreement.** A default under the Tower Purchase Agreement by Buyer shall also be deemed an event of default by Buyer hereunder. A default by Thomas Towers of Texas, Inc. under the Tower Purchase Agreement shall be a default by Seller hereunder.

19. **Damage.** The risk of loss or damage to the fixed and tangible assets to be sold to Buyer hereunder shall be upon Seller at all times prior to Closing. In the event of such loss or damage, Seller shall promptly notify Buyer thereof and repair, replace or

restore any such damaged property to its former condition as soon as possible after its loss and prior to the Closing Date. If damage has occurred and such relief or restoration of any such damage has not been completed prior to the Closing Date, Buyer may, at its option:

(a) elect to consummate the Closing in which event Seller shall pay to Buyer the costs of such repairs, replacements or restoration as is required to restore the property to its former condition and against such obligation shall assign to Buyer all of Seller's rights under any applicable insurance policies. Buyer shall in such event submit to Seller an itemized list of the costs of such repairs, replacements or restoration. If the parties are unable to agree upon the costs of such repairs, the matter shall be referred to a qualified consulting communications engineer mutually acceptable to Seller and Buyer who is a member of the Association of Federal Communications Consulting Engineers, whose decision as to the costs shall be final, and whose fees and expenses shall be shared equally by Seller and Buyer; or

(b) elect to postpone the Closing Date for a period of up to ninety (90) days, with prior consent of the FCC if necessary, to permit Seller to make such repairs, replacements, or restoration as is required to restore the property to its former condition. If after the expiration of the extension period granted by Buyer the property has not been adequately repaired, replaced or restored, Buyer may terminate this Agreement. If the parties disagree as to whether the property has been adequately repaired, replaced or restored, the matter shall be referred to a mutually-acceptable qualified consulting communications engineer, who is a member of the Association of Federal

Communications Consulting Engineers, whose decision shall be final, and whose fees and expenses shall be shared equally by Seller and Buyer.

20. **Failure of Broadcast Transmission.** If regular broadcast transmissions by the Station in the normal and usual manner are interrupted or discontinued, for more than twelve (12) hours in a single occurrence, or if the Station is operated at less than ninety (90%) percent of its licensed operating or effective radiated power, as the case may be, Seller shall give prompt written notice thereof to Buyer. If Seller cannot restore normal licensed operating or effective radiated power within ten (10) days (with the Closing Date to be extended if necessary), or if there are five (5) or more such events prior to the Closing Date each lasting more than twelve (12) hours, Buyer shall have the right, upon written notice to Seller, to terminate this Agreement forthwith without any further obligation hereunder. In the event of termination of this Agreement by Buyer pursuant to this Section, the Escrow Deposit, together with all accrued interest, shall be returned to Buyer.

21. **Brokerage.** Buyer represents that it has engaged no broker in connection with this transaction, and agrees to indemnify and hold Seller harmless against any claim from any broker based upon any agreement, arrangement, or understanding alleged to have been made by Buyer. Buyer recognizes, and Seller acknowledges, that Seller has engaged John Pierce & Company as the only brokers involved in this transaction. Seller shall be solely responsible for the payment of any brokerage commission due any broker engaged by Seller and agrees to indemnify and hold Buyer harmless against any claim from any broker based upon any agreement, arrangement or understanding made or alleged to have been made by Seller.

22. **Notices.** All necessary notices, demands and requests required or permitted to be given under the provisions of this Agreement shall be in writing and shall be deemed duly given if mailed by registered mail, return receipt requested, or by Federal Express courier service, postage prepaid, addressed as follows:

(a) If to Buyer: Research Educational Foundation, Inc.
Radio Station KVT
11061 Shady Trail
Dallas, TX 75229

Attn: Mr. Stanley Thomas

(b) If to Seller: Covenant Educational Media, Inc.
23248 Calvert Street
Woodland Hills, CA 91367

Attn: Fletcher Anderson

All notices shall be copied to: Joseph C. Chautin, III, Esq.
Hardy, Carey & Chautin, L.L.P.
110 Veterans Blvd., Suite 300
Metairie, Louisiana 70005

23. **Entire Agreement.** This Agreement supersedes any prior agreements between the parties and contains all of the terms agreed upon with respect to the subject matter hereof. This Agreement may not be altered or amended except by an instrument in writing signed by the party against whom enforcement of any such change is sought.

24. **Counterparts.** This Agreement may be signed in any number of counterparts with the same effect as if the signature on each such counterpart were on the same instrument.

25. **Headings.** The headings of the paragraphs of this Agreement are for convenience only and in no way modify, interpret or construe the meaning of specific provisions of the Agreement.

26. **Exhibits.** The Exhibits to this Agreement are a material part hereof.
27. **Severability.** In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.
28. **Choice of Laws.** This Agreement is to be construed and governed by the laws of the State of Texas, except for the choice of law rules utilized in that state.
29. **Benefit; Assignment.** This Agreement shall inure to the benefit and be binding upon the parties hereto and their respective successors and assigns. Buyer may, with Seller's approval, assign its rights and obligations hereunder to another company which is controlled by Buyer. Seller shall not assign its rights or obligations to this Agreement.
30. **Fees and Expenses.** Except for the attorney's fees of Hardy, Carey & Chautin, L.L.P., which shall be shared equally between Seller and Buyer, or as specifically otherwise provided herein, Buyer and Seller shall each pay its own costs and expenses relating to the execution and delivery of this Agreement and the consummation of all transactions contemplated hereby.
31. **Public Announcements.** No party hereto shall make or shall authorize any other person to make any public announcement relating to any aspect of the transactions described herein without having first consulted with Buyer and Seller concerning the requirement for, and timing and content of, such public announcement and having received their prior consent thereto. Notwithstanding the foregoing, actions relative to obtaining approvals and like matters shall be permissible and Buyer may make

all disclosures in its judgment necessary to obtain financing for purposes of carrying out the transactions described in this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers as of the date first written above.

WITNESSES:

Research Educational Foundation, Inc.

BY: _____
Harry Reeve, President

Covenant Educational Media, Inc.:

BY: _____
Fletcher Anderson, President

Exhibit 1.1

Licenses and FCC Authorizations

Exhibit 1.2

Personal Property

Exhibit 1.3

Contracts

Exhibit 1.4

Studio Lease

Exhibit 1.8

Right of First Refusal

Exhibit 2
Excluded Assets

Exhibit 4

Escrow Agreement

Exhibit 8.10

Insurance