

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement, made and entered into this 13th day of June, 2012 by and between JOSEPH NAPPI, JR. as the Personal Representative of the Estate of Earle T. Kazmark, (hereinafter referred to as "Seller"), and Spokane Broadcasting Company, LLC, a State of Washington limited liability company (hereinafter referred to as "Buyer").

WITNESSETH:

WHEREAS, Seller is the licensee of radio broadcast Station KAZZ (FM), Deer Park, Washington [FCC Facility ID 3922] (hereinafter referred to as "Station"); and

WHEREAS, Buyer desires to acquire and Seller desires to sell to Buyer certain of real and personal property owned by Seller and used in the operation of the Station and to secure an assignment of certain of the Station's contracts, agreements, and the licenses and other authorizations issued by the Federal Communications Commission (previously and hereafter referred to as "FCC") for the operation of the Station (hereinafter referred to as "FCC License");

WHEREAS, the FCC License may not be assigned to Buyer without the prior written consent of the FCC; and

WHEREAS, this Agreement is subject to and contingent upon the approval of the Spokane County (Washington) Superior Court.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, the parties intending to be legally bound agree as follows:

1. DEFINITIONS

Unless otherwise stated in this Agreement, the following terms shall have the following meanings:

a. "Assignment Application" refers to the application which Seller and Buyer will join in and file with the FCC requesting its unconditional written consent to the assignment of the FCC License from Seller to Buyer;

b. "Final Order" means action by the FCC granting its consent and approval to the Assignment Application, which action is not reversed, stayed, enjoined or set aside, and with respect to which no timely request for stay, reconsideration, review, rehearing or a notice of appeal is pending, and as to which the time for filing any such request, petition or notice of appeal or for review by the FCC units on its motion has expired;

c. "Closing" means the consummation on the Closing Date of the transactions contemplated hereby;

d. "Closing Date" means 10:00 a.m. on a date mutually set by Seller and Buyer within thirty (30) days following the date the FCC's grant of the Assignment Application.

e. "Closing Place" means such place as the parties may mutually agree to in writing.

f. "Permitted Encumbrances" means all liens for taxes not yet due, and such other non-monetary liens, easements, rights of way, building and use restrictions, exceptions, reservations and limitations that do not in any material respect detract from the value of the property subject thereto or impair the use thereof in the ordinary course of the business of the Station.

2. ASSETS TO BE CONVEYED

a. Subject to the terms and conditions contained in this Agreement, on the Closing Date at the Closing Place, Seller will sell, assign, convey, transfer and deliver to Buyer, free and clear of any lien or encumbrance, except Permitted Encumbrances and by instruments of conveyance in form satisfactory to Buyer, and Buyer shall purchase and accept the assignment of the following (collectively the "Assets"):

- i. All license, permits, authorizations ("FCC Licenses") issued by the FCC for the operation of or used in connection with the operation of the Station, all of which are listed on Exhibit 1;

- ii. The fixed and tangible personal property, physical assets and equipment, leasehold improvements and related assets used or useful or intended to be used in the operation of the Station (excluding certain assets described in Exhibit 2) as set forth in Exhibit 3, together with any replacements thereof or additions thereto made between the date hereof and the Closing Date, less any dispositions made in the ordinary and usual course of business in connection with the replacement of same with similar assets of equal or greater value ("Personal Tangible Assets"), free and clear of all mortgages, liens, charges, claims, pledges, security interests and other encumbrances except as referenced in Exhibit 3;
- iii. All rights and benefits under the business agreements, leases and contracts, preapproved in writing by Buyer and free and clear of all delinquencies and defaults listed on Exhibit 4 attached hereto, including any renewals, extensions, amendments or modifications thereof, and any additional agreements, leases and contracts made or entered into by Seller in the ordinary course of business between the date of such Schedule and the Closing approved in writing by Buyer or otherwise permitted hereunder ("Leases and Agreements");
- iv. All licenses, permits or authorizations issued by any government or regulatory agency other than the FCC Licenses which are used in connection with the operation of the Station ("Permits") and listed on Exhibit 5;
- v. All right, title and interest of Seller in and to the use of the call letters KAZZ for the Station, to the extent they can be conveyed ("Call Letters"); together with all common law property rights, goodwill, copyrights, trademarks, service marks, trade names and other similar rights used in connection with the operation of the Station, including all accretions thereto and all other intangible

assets, going concern value and like items of the Station (the "Intangible Assets");

- vi. All magnetic media, electronic data processing files, systems and programs, logs, customer contracts, public files, vendor contracts, historical billing information, record program libraries, promotional material, supplies, customer files, correspondence, maintenance records or any other business records relating to or used in connection with the operation and financial condition of the Station, but not including records pertaining to corporate affairs (including tax records) and original journals, provided copies are supplied to Buyer. Seller shall have reasonable access to all such records which might be in the possession of Buyer prior to the Closing, and shall, at its own expense, have the right to make copies thereof;
- vii. Certain real property which consists of approximately fifteen (15) acres and the Station's tower as more specifically described at **Exhibit 10** (the "Real Property").

b. Seller agrees that the Assets conveyed to Buyer on the Closing Date pursuant to this Agreement will be conveyed free and clear of all liens, charges, claims and encumbrances whatsoever, other than Permitted Encumbrances. Except as specifically provided in this Agreement, all Assets will be conveyed to Buyer AS IS, WHERE IS. The parties further agree that the Station's tower, which is located on the Real Property, is an improvement to the Real Property and is subject to the Deed of Trust referenced in Paragraph 4.c. The assets being sold to Buyer hereunder do not include cash, security investments, prepaid deposits, notes receivable, or books and records pertaining to the corporate organization of Seller.

3. **EXCLUDED LIABILITIES AND CONTRACTS**

Except as otherwise provided herein, Seller shall be solely responsible, and there shall be no assumption by Buyer of any liabilities of Seller or Station. It is expressly agreed that Buyer shall not assume any liability for the following:

a. All liabilities of Seller except those specifically listed on **Exhibit 3** or otherwise allowed as Permitted Encumbrances pursuant to Paragraph 2.a, above;

b. All other contracts, agreements or leases other than those as specified in Paragraph 2.a, above. Specifically, Buyer shall be under no obligation to hire any employees of Seller or to assume any liability whatsoever for any employment contract, collective bargaining agreement, pension plan, profit sharing plan or any other employee benefits, programs or plans.

4. **PURCHASE PRICE AND METHOD OF PAYMENT**

a. **Purchase Price.** The total purchase price to be paid to Seller or its assigns by Buyer hereunder shall be Four Hundred Fifty Thousand Dollars (\$450,000.00) plus or minus any prorations or adjustments set forth in herein (the "Purchase Price"). The parties shall allocate the Purchase Price among the Assets as set forth at **Exhibit 12** hereto.

b. **Method of Payment.** The Purchase Price shall be paid by Buyer to Seller as follows:

- i. Upon execution of this Agreement by both parties, Buyer shall deliver to Adept Escrow Services, Inc., 107 E. Magnesium Rd., Spokane, WA 99208 ("Escrow Agent") Twenty-Five Thousand Dollars (\$25,000.00) (the "Escrow Deposit"), which shall be held in escrow pursuant to a separate Escrow Agreement between Seller, Buyer and Escrow Agent, and shall be released to Seller at Closing. Any interest that accrues with respect to the Escrow Deposit shall be paid to Buyer at Closing. The Escrow Deposit shall be non-

refundable to Buyer except Buyer shall receive a refund in the event this transaction does not close through no fault of the Buyer or in the event Seller, in cooperation with Buyer, files a booster application with the Commission for the benefit of Buyer and that application is denied through no fault of the Buyer.

- ii. At Closing, Buyer shall deliver to Seller an additional Twenty-Five Thousand Dollars (\$25,000.00).
- iii. At Closing, Buyer shall deliver to Seller a promissory note in the amount of Four Hundred Thousand Dollars (\$400,000.00) payable at four and one-half percent (4.5%) per annum substantially in the form attached at **Exhibit 6** with the following payment schedule:

Year 1	12 Monthly Payments of \$4,100.00
Year 2	12 Monthly Payments of \$5,200.00
Year 3	12 Monthly Payments of \$6,800.00
Year 4	12 Monthly Payments of \$8,800.00
Year 5	12 Monthly Payments of \$13,372.47, with the

remaining balance, if any, paid on the fifth anniversary of the Closing Date.

- c. As security for the promissory note, Buyer agrees to execute and deliver to Seller a Security Agreement substantially in the form attached at **Exhibit 7**, a Pledge Agreement substantially in the form attached at **Exhibit 8**, a Personal Guaranty of Robert Fogal and Patricia S. Fogal substantially in the form attached at **Exhibit 9**, and a Deed of Trust substantially in the form attached at **Exhibit 11**.

5. **ADJUSTMENTS AND ASSUMPTIONS**

The operations of the Station and the income and expenses attributable thereto up to 12:01 a.m. on the day of the Closing (the "Adjustment Time") shall, except as hereinafter provided in this Agreement, be for the account of Seller and thereafter shall be for the account of Buyer. Expenses such as power and utility charges, lease rents,

property taxes, annual license fees (if any), certain prepaid and deferred items shall be prorated between Seller and Buyer.

6. **REPRESENTATIONS AND WARRANTIES OF SELLER**

Seller represents and warrants to Buyer that:

a. **Licenses.** Seller is the holder of the licenses, permits and authorizations listed on **Exhibit 5**, all of which are valid, and in full force and effect. Except as set forth in **Exhibit 1**, in its present condition the Station is capable of being operated in a manner consistent with the terms and conditions of its FCC authorization. No pending filings or adverse reports are outstanding. All documents required to be filed by Seller have been properly and timely filed, and Seller will not, without Buyer's prior written consent, by an act or omission, surrender, modify, forfeit or fail to seek renewal on regular terms, of any license or authorization of the FCC, or cause the FCC to institute any proceeding for the cancellation or modification of any such license or authorization, or fail to prosecute with due diligence any pending application or application to be filed with the FCC pursuant to this Agreement.

b. **Assets.** The Assets are listed on **Exhibits 1, 3, 4, 5, and 12**, and Seller warrants and represents that the Licenses and Assets delineated in these Exhibits are all the Licenses and Assets used in the operation of the Station and are all the assets necessary for continued operation of the Station; until Closing, none of the Assets will be sold, leased or otherwise disposed of unless replaced by a similar asset of equal or greater value, and, at Closing; all of the Assets shall be owned by and transferred by Seller to Buyer free and clear of all liens, encumbrances, interests or restrictions of any kind whatsoever, except for Permitted Encumbrances.

c. **Contracts, Leases, Agreements, Etc.** The contracts and other intangible assets to be transferred or assigned to Buyer under this Agreement will, on the Closing Date, be in full force and effect and on the Closing Date there will be no Leases or Agreements relating to the Station (not including this Agreement) which will be binding on Buyer, other than those specifically identified herein as assumed by Buyer, or as

otherwise approved in writing by Buyer. True and correct copies of all the written Leases and Agreements will be delivered to Buyer within thirty (30) days after execution of this Agreement, together with summary statements with respect to any oral commitments, if any. Except as set forth in **Exhibit 4**, Seller represents and warrants that it has complied in all material respects with the provisions of such contracts and commitments and is not, and at the time of Closing, will not be in material default under any of them; that said Leases and Agreements will be current in payments and in full force and effect at the time of Closing unless by their terms they expire prior thereto; and that other than these enumerated Leases and Agreements, Seller has no other presently existing contracts or commitments, oral or written, relating to the Station, including, but not by way of limitation, any collective bargaining or employment contracts. The obligations of the parties to consummate the proposed transaction shall be subject to receipt of any required consents or authorizations.

d. **Litigation.** Seller warrants that no strike, labor dispute, investigation, litigation, court or administrative proceeding is pending or threatened against Seller relating to the Station or any of the Assets to be conveyed hereunder which may result in any change in the business, operations, assets or financial condition of Seller or may affect Buyer's enjoyment of the Assets, or which would hinder or prevent the consummation of the transaction contemplated by this Agreement, and Seller knows of no basis for any such possible action.

e. **Compliance With Licenses, Laws, Regulations and Orders.** Seller has materially complied with and is in material compliance with all terms and conditions of all leases, permits, laws, regulations and orders applicable to the Station and the business and operations including, without limitation, compliance with the Station's FCC Licenses, the Communications Act of 1934, as amended, and all regulations issued by the FCC, and Seller is not charged with violating, nor received any notice threatening a charge of violation of, any provisions of any license or permit or any federal, state or local law or administrative ruling or regulation relating to any aspect of its business. Seller hereby warrants and represents that there presently are no pending or threatened

actions, lawsuits or other proceedings, administrative, judicial, or otherwise, at the instance of any private party or any governmental or regulatory authority, which could impair in any manner the authority granted under such licenses or permits, or otherwise diminishes the value of same, or otherwise prevent the transfer of such licenses or permits to Buyer.

f. **Insurance.** Until Closing, Seller shall keep the Assets insured against loss or damage by fire or from other causes as has been customarily provided by Seller.

g. **Access to Information.** Seller shall give Buyer and its representatives full access during normal business hours throughout the period prior to Closing to the operations, properties, books, accounting records, contracts, agreements, leases, commitments, programming, technical and sales records, possible engineering changes or upgrades, and other records of and pertaining to the Station; provided, however, that Buyer gives Seller reasonable advance notice of exercising this right. Seller shall furnish to Buyer material information concerning the Station's affairs as Buyer may reasonably request and all such information provided shall be treated as confidential information. Buyer will maintain the confidentiality of all the information and materials delivered to it or made available for its inspection by Seller hereunder, except where such information or materials are required to be filed with the FCC in connection with the assignment application or are disclosed to partners of Buyer or lenders thereto as reasonably required to secure financing to consummate the transaction contemplated herein. In the latter event, Buyer will use reasonable efforts to cause its principals or lenders to maintain confidentiality. If for any reason the transaction contemplated herein is not consummated, Buyer will return to Seller all such materials in its possession and keep all of the foregoing information confidential. In the event that the Station's public file is not up to date, Seller shall update the public file so it conforms with the Communications Act and all FCC rules and regulations prior to Closing.

h. **Conduct of the Station's Business.** Until Closing, without the written consent of Buyer, Seller shall not enter into any transaction, other than those in the ordinary course of the business of the Station, and shall consult with Buyer prior to

entering into any transaction in the ordinary course of the business of the Station in excess of Ten Thousand U.S. Dollars (\$10,000.00); no employment contract shall be entered into by Seller relating to the Station unless the same is terminable at will and without penalty; unless obligated by a current employment agreement, Seller shall not, without the prior written consent of Buyer, increase the compensation paid or to become payable to any employee of the Station, or incur any additional employment obligation or commitment with respect to such employees, or pay any bonuses or cash payments; and Seller shall make timely payments of all payments due on any obligations of Seller relating to the operation of the Station. The parties agree that Seller, at its sole option, may take the Station off the air, provided, it files with the FCC all required notices and requests for Special Temporary Authority for the Station to remain silent. Notwithstanding the foregoing sentence, Seller shall insure that at no point shall the Station remain silent for twelve continuous months.

Seller further represents, warrants and covenants:

- i. Between the date hereof and Closing:
 - (1) Seller will not, without the written consent of Buyer, sell, lease, transfer, exchange, assign, grant a mortgage, grant a security interest in or otherwise dispose of or encumber any of its property or assets being sold hereunder; and
 - (2) Seller shall not take any action which will prevent or impede Buyer from obtaining at the Closing the actual and immediate occupancy and possession of the Station and all of the assets purchased hereunder, including its books and records.
- ii. On the Closing Date, Seller will be the owner of the Assets except such of the same replaced by suitable property of no less than equivalent value in the ordinary course of business, with good and marketable title thereto, free and clear of all liens and encumbrances and that between the date of this Agreement and the Closing, there will be no more than the ordinary normal wear and tear and

expendability of those assets; The Station shall be fully capable of operating at full, authorized power and coverage as permitted by the FCC on the Closing Date and during any due diligence period as requested by Buyer with at least 24 hour advance notice.

- iii. That Seller does not know of any facts relating to it or the Station which would cause the FCC to deny its consent to the assignment of the Station's authorization to Buyer;
- iv. Seller will have paid and discharged all operational expenses, taxes, assessments, excises, and levies which have not been paid, but have become due and payable and that would interfere with Seller's assets, facilities, license or other items conveyed hereunder.

i. **Cooperation.** Seller agrees it will fully cooperate with Buyer and file necessary applications with the FCC to apply for and obtain FCC licenses for a booster station. This cooperation includes, but is not limited to, filing applications for tower space with the FCC. Buyer shall pay all expenses with respect to the booster station, including, but not limited to, all engineering and legal fees and filing fees.

7. **BUYER'S REPRESENTATIONS AND WARRANTIES**

Buyer represents and warrants as follows, which representations and warranties shall be deemed to have been made again at Closing.

a. **Buyer's Qualifications.** Buyer is and at Closing will be, legally and financially qualified to become the licensee of the FCC.

b. **Litigation.** No judgment is issued or outstanding against Buyer, nor is any litigation, action, suit, judgment, proceeding or investigation pending or outstanding before any forum, court or governmental body, department or agency of any kind, or to the knowledge of Buyer, threatened, to which Buyer is a party, which has the stated purpose or the probable effect of enjoining or preventing the consummation of this Agreement or the transactions contemplated hereby or to recover damages by reason thereof, which questions the validity of any action taken or to be taken pursuant to or in

connection with this Agreement, or which would prevent Buyer from being qualified to be the assignee of Station's FCC License, or which would prevent Buyer from consummating the transactions contemplated hereunder. In the event of the commencement of any such proceeding against Buyer, Buyer shall use its reasonable and best efforts to seek removal or dismissal thereof within thirty (30) days, after which Seller may terminate this Agreement without any further obligation or liability to Buyer.

c. **Insolvency.** No insolvency proceedings of any character including, without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting Buyer or any of its assets or properties is now or on the Closing Date will be pending or, to the knowledge of Buyer, threatened. In the event of the commencement of any such proceedings against Buyer, Buyer shall use its reasonable and best efforts to seek removal or dismissal thereof within ninety (90) days. Buyer shall immediately notify Seller in no more than five (5) days from the time Buyer learns of the threat of any such insolvency proceeding.

8. **BREACH OF AGREEMENTS, REPRESENTATIONS AND WARRANTIES**

a. **Breach of Seller's Agreements, Representations and Warranties.** Seller shall indemnify and hold harmless Buyer from and against any loss, liability, claim, demand, judgment or expense, including without being limited to, reasonable counsel fees and reasonable accounting fees, arising out of or sustained by Buyer by reason of any breach of any warranty, representation, or agreement of Seller contained herein; provided, however, that such indemnification shall be required only if Buyer provides timely written notice to Seller within five (5) days of receipt of any claim for any loss, liability, demand, judgment or expense. Upon receipt of such written notice, Seller shall have the right, if it involves a liability to a third party, to defend or compromise such matter at Seller's sole cost and expenses, and Buyer shall cooperate fully in such defense.

b. **Breach of Buyer's Agreements, Representations and Warranties.** Buyer shall indemnify and hold harmless Seller from and against any loss, damage, liability, claim, demand, judgment or expense, including without being limited to,

reasonable counsel fees and reasonable accounting fees, arising out of or sustained by Seller by reason of any breach of any warranty, representation or agreement of Buyer contained herein; provided, however, that such indemnification shall be required only if Seller provides timely written notice to Buyer within five (5) days of receipt of any claim for loss, liability, demand, judgment or expense. Upon receipt of such written notice, Buyer shall have the right, if it involves a liability to a third party, to defend or compromise such matter at Buyer's sole cost and expense, and Seller shall cooperate fully in such defense.

c. **Specific Performance.** The parties acknowledge that the Assets and property to be transferred and assigned under this Agreement are unique and not readily bought and sold on the open market and, for that reason, among others, Buyer would be irreparably harmed by any breach or failure of Seller to consummate this Agreement, and damages therefore will be highly difficult, if not wholly impossible, to ascertain. It is therefore agreed that this Agreement shall be enforceable by Buyer in a court of equity by a decree of specific performance, and an injunction may be issued restraining any transfer or assignment of the Assets contrary to the provision of this Agreement pending the determination of such controversy.

d. **Liquidated Damages.** Buyer recognizes that if the transaction contemplated by this Agreement is not consummated as a result of Buyer's breach of this Agreement, Seller would be entitled to compensation, the extent of which is extremely difficult and impractical to ascertain. To avoid this problem, the parties agree that if this Agreement is not consummated due to the default of Buyer, Seller shall be entitled to receive the Escrow Deposit as liquidated damages in lieu of any other remedies to which Seller might otherwise be entitled due to Buyer's wrongful failure to consummate the transaction contemplated by this Agreement.

9. **RISK OF LOSS**

a. **Buyer's Options.** The risk of any loss, damage or destruction to any of the Assets to be transferred to Buyer hereunder from fire or other casualty or loss shall be

borne by Seller at all times prior to the Closing. Upon the occurrence of any material loss or damage to any of the assets to be transferred hereunder as a result of fire, casualty or other causes prior to the Closing, Seller shall notify Buyer of same in writing immediately, stating with particularity the reasonable estimates of the loss or damage incurred, the cause of damage, if known, and the extent to which restoration, replacement and repair of the Assets lost or destroyed is believed reimbursable under any insurance policy with respect thereto. Seller shall be responsible for any repair or replacement of such damaged assets. If Seller has not repaired, restored or replaced the damaged Assets by the Closing, Buyer shall have the option (but not the obligation) exercisable at the Closing to:

- i. Terminate this Agreement;
- ii. Postpone the Closing until such time as the property has been completely repaired, replaced or restored; or
- iii. Elect to consummate the Closing and accept the property in its "then" condition, in which event Seller shall assign to Buyer all rights under any insurance claim covering the loss and pay over to Buyer the proceeds under any such insurance policy heretofore received by Seller with respect thereto. Buyer may also deduct from the Closing proceeds an amount that would equal any shortfall from actual damage repair costs less insurance reimbursement.

10. **APPLICATION FOR FCC APPROVAL**

a. **Filing and Prosecution of Application.** Buyer and Seller shall, as soon as practicable after the date of this Agreement and in any event not later than five (5) days thereafter, join in an application to be filed with the FCC requesting its written consent to the assignment of the FCC Licenses of the Station from Seller to Buyer. Buyer and Seller shall take all steps necessary to the expeditious prosecution of such application to a favorable conclusion, using their best efforts throughout.

b. **Designation for Hearing.** If, for any reason, the application for assignment of the License is designated for hearing by the FCC prior to grant hereof, either party shall have the right by written notice within thirty (30) days of such designation for hearing, to terminate this Agreement, providing such party or such party's conduct is not the basis for such designation. Should Closing occur and upon reconsideration the FCC designate the assignment for hearing, either party may elect to rescind this Agreement, providing such party or such party's conduct is not the basis for such designation, and if either party so elects, Buyer and Seller agree to cooperate in filing an application to reassign the License to Seller, if necessary, and to take all necessary actions to reverse this transaction as if Closing had not occurred.

c. **Time for FCC Consent** If the FCC has not given its written grant of consent to the assignment of the License set forth herein within six (6) months from the date of acceptance for filing of the application for such assignment, either party, if not then in default, may terminate this Agreement by giving written notice to the other. Upon such termination, neither party shall have any right or liability hereunder.

d. **Control of Station.** Until Closing, Buyer shall not directly or indirectly, control, supervise, direct or attempt to control, supervise or direct the operation of the Station, but such operation shall be the sole responsibility of Seller.

11. **CLOSING**

Subject to the terms and conditions herein stated, the parties agree as follows:

a. **Closing Date.** The Closing of this Agreement shall be held at such time, date and place as shall be mutually agreed by Buyer and Seller. The parties agree that the Closing on the proposed transaction shall occur within thirty (30) days following issuance of the written consent of the FCC approving the assignment of the FCC Licenses, it being expressly understood the Closing will not be conditioned on the FCC's action becoming a Final Order, unless the proposed assignment is first subject to a timely filed petition to deny or other formal protest during the pendency of the application before the FCC and prior to grant or if it becomes evident that the relocation of the Station's present studios

cannot be accomplished as contemplated between the parties. In the event the application is granted after a formal challenge, Buyer shall have the right to assess and determine whether the Closing should be delayed subject to the FCC's consent becoming a Final Order.

b. **Seller's Obligations at Closing.** At Closing, Seller shall deliver to Buyer the following:

- i. An assignment of the License, a Bill of Sale, and a Deed or similar instruments, assigning the License and transferring to Buyer all other Assets, including real property, to be transferred hereunder, free and clear of all liens, encumbrances and restrictions of any kind whatsoever as described in Paragraph 2.a.
- ii. Title insurance for the real property, as described at **Exhibit 10**, provided at Seller's cost and expense.
- iii. The business records described in Paragraph 2.a.
- iv. Such other documents and instruments as might reasonably be requested by Buyer to consummate the transaction contemplated hereunder consistent with the intent expressed herein.
- v. Instructions to Escrow Agent directing that the Escrow Deposit be delivered to Seller and that all accrued interest with respect to the Escrow Deposit (if any) be delivered to Buyer.

c. **Buyer's Obligations at Closing.** At Closing, Buyer shall deliver to Seller the following:

- i. Instructions to Escrow Agent directing that the Escrow Deposit be delivered to Seller and that all accrued interest with respect to the Escrow Deposit (if any) be delivered to Buyer.
- ii. The additional cash payment specified in Paragraph 4.b.ii.
- iii. An executed promissory note substantially in the form attached at **Exhibit 6**.

- iv. Buyer's assumption of the Agreements of the Station consistent with the terms hereof, subject to the provisions of Paragraph 2.
- v. A certificate of Buyer, confirming the correctness of Buyer's representations made in Paragraphs 8.a, 8.b and 8.c.
- vi. A Security Agreement substantially in the form attached at **Exhibit 7**, as executed by Buyer.
- vii. A Pledge Agreement substantially in the form attached at **Exhibit 8**, as executed by Robert Fogal and Patricia S. Fogal.
- viii. A Personal Guaranty substantially in the form attached at **Exhibit 9**, as executed by Robert Fogal and Patricia S. Fogal.
- ix. A Deed of Trust substantially in the form attached at **Exhibit 11** as executed by Buyer.
- x. Such other documentation that Seller may reasonably require to consummate the transactions contemplated by this Agreement.

d. **Conditions to Obligations of Buyer.** The obligations of Buyer to consummate the transaction herein contemplated at Closing are subject to and conditioned on:

- i. The written consent of the FCC to the assignment to Buyer or its assigns of the License of the Station;
- ii. A grant by the FCC of a booster application satisfactory to the Buyer;
- iii. The satisfaction at or before Closing of all agreements, obligations and conditions of Seller hereunder required to be performed or complied with by them on or before Closing;
- iv. The material accuracy of the representations and warranties made by Seller;
- v. The consent of any other party, if required, to the transfer or assignment to Buyer of any Agreements listed on **Exhibit 4** which are in effect at Closing, or the provision to Buyer by other means of

benefits similar to those contained in the Leases and Agreements;
and

- vi. Buyer's receipt of a satisfactory title report and title insurance commitment.

e. **Conditions to Obligations of Seller.** The obligations of Seller to consummate the transaction herein contemplated at Closing are subject to and conditioned on:

- i. The written consent of the FCC to the assignment to Buyer of the License of the Station;
- ii. The satisfaction at or before Closing of all agreements, obligations and conditions of Buyer hereunder required to be performed or complied with by it at or before the Closing;
- iii. The material accuracy of the representations and warranties made by Buyer;
- iv. The delivery of the closing payments to Seller of such good funds as provided in Paragraph 4;
- v. The delivery of all closing documents set forth in Paragraph 11.c. of this Agreement.

12. **EXPENSES**

a. All expenses incurred in connection with this transaction shall be borne by the party incurring same. The FCC filing fee shall be divided equally between the parties. All other transfer fees, sales taxes, and federal state or local taxes, and any other fees and taxes incident to the sale contemplated herein shall be borne by Seller.

b. All broker fees shall be paid by Seller.

13. **MISCELLANEOUS PROVISIONS**

a. **Execution of Documents.** The parties agree to execute all applications, documents and instruments which may be necessary for the consummation of the transaction contemplated hereunder, or which might be from time to time reasonably requested by any party hereto in connection therewith, whether before or after the date of Closing.

Notices. All notices, requests, elections, demands and other communications given pursuant to this Agreement shall be in writing and shall be duly given when delivered personally or when deposited in the mails, certified or registered mail, postage prepared, return receipt requested, or delivered by overnight delivery, signature requested, and shall be addressed as follows:

Seller: Joseph Nappi, Jr.
Ewing Anderson, P.S.
522 W. Riverside
Suite 800
Spokane, WA 99201-0519

Copy to: Matthew H. McCormick, Esq.
Fletcher Heald & Hildreth, P.L.C.
1300 North 17th Street
11th Floor
Arlington, Virginia 22209

Buyer : Robert A. Fogal
PO Box 690
La Quinta, CA 92247

Copy to: J. Dominic Monahan, Esquire
Luvaas Cobb
777 High Street, Suite 300
Eugene, OR 97401-2787
(541) 484-9292

b. **Exhibits and Schedules.** All Exhibits and Schedules referred to herein are incorporated into this Agreement by reference for all purposes and shall be deemed part of this Agreement.

c. **Entire Agreement.** This Agreement, together with all Exhibits and Schedules referred to herein and therein contain all of the terms and conditions agreed upon by the parties hereto with respect to the transaction hereunder.

d. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the representatives, heirs, estates, successors and assigns of the parties hereto.

e. **Headings.** The headings contained in this Agreement are for reference only and shall not affect in any way the meaning or interpretation of this Agreement.

f. **Counterparts.** This Agreement and any other instrument to be signed by the parties hereto may be executed by the parties, together or separately, in two or more identical counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

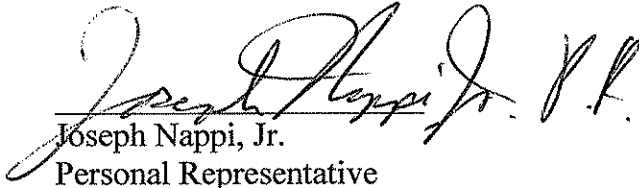
g. **Governing Law, Jurisdiction and Venue, and Attorney's Fees.** This Agreement shall be construed, interpreted and the rights of the parties hereto determined in accordance with the laws of the State of Washington, without giving effect to the principles of conflicts of law of such state. The parties hereto hereby irrevocably submit to the exclusive jurisdiction of any federal or state court located within the Spokane County, Washington, over any dispute arising out of or relating to this Agreement or any of the transactions contemplated hereby and each party hereby irrevocably agrees that all claims in respect of such dispute or any suit, action proceeding related thereto may be heard and determined in such courts. The parties hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each of the parties hereto hereby consents to process being served by any party to this Agreement in any suit, action or proceeding by the delivery of a copy thereof in accordance with the laws of the State of Washington. The prevailing party in any such action shall be entitled to receive from the non-prevailing party, as part of any judgment, a reasonable attorney fee.

Signature page to Asset Purchase Agreement

FM Radio Station KAZZ

IN WITNESS WHEREOF, the parties hereto, by their properly authorized representatives, have caused this Agreement to be executed as of the day and date first above written.

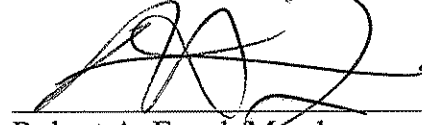
SELLER



Joseph Nappi, Jr.
Personal Representative
Estate of Earle T. Kazmark

BUYER

Spokane Broadcasting Company, LLC



Robert A. Fogal, Member

EXHIBIT 6
PROMISSORY NOTE

\$400,000.00

_____, 2012

Spokane, Washington

PROMISSORY NOTE

FOR VALUE RECEIVED, SPOKANE BROADCASTING COMPANY

("Maker"), a State of Washington limited liability company, hereby promises to pay to the order of JOSEPH NAPPI, JR. ("Payee" or "Holder"), as Personal Representative of the Estate of Earle T. Kazmark, or its assigns, the principal sum of Four Hundred Thousand Dollars (\$400,000.00) along with interest on the unpaid balance at four and one-half percent (4.5%) per annum payable in sixty (60) monthly payments according to the following terms:

1. Monthly payments shall be paid by the first day of each month.
2. Monthly payments shall commence on _____ with the last payment to be delivered to Payee on _____ for a total of sixty (60) monthly payments of principal and interest each of which shall be made to Payee.

3. Monthly payment amounts shall be in the following amounts:

Year 1	12 monthly payments of \$4,100.00
Year 2	12 monthly payments of \$5,200.00
Year 3	12 monthly payments of \$6,800.00
Year 4	12 monthly payments of \$8,800.00
Year 5	12 monthly payments of \$13,372.47, with the

remaining balance, if any, being paid on the fifth anniversary of the date first written above.

4. Payments shall be delivered to Holder or its assigns at:

Joseph Nappi, Jr.
Ewing Anderson, P.S.
522 W. Riverside
Suite 800
Spokane, WA 99201-0519

or to an address specifically designated by Holder, in writing, at a later date.

5. This Note is secured by a security agreement (the "Security Agreement"), a Pledge Agreement (the "Pledge"), a deed of trust with respect to certain real property and improvements thereon (the "Deed of Trust") and the Personal Guaranty of Robert A. Fogal and Patricia S. Fogal.

6. If Maker fails to comply with the terms of or commits a default under the Security Agreement, the Pledge or the Deed of Trust securing this Note, and any such default shall continue for a period of ten (10) days after receipt of notice to be mailed by Maker by certified or registered mail, return receipt requested, postage prepaid of the same, the entire unpaid principal of this Note plus accrued interest may be declared due and payable by Holder of this Note. Notwithstanding the above, if Maker defaults on two (2) consecutive payments of principal and interest or defaults on a total of three (3) payments of principal and interest over the term of this Note, then on the occasion of the second consecutive or third non-consecutive default, the entire unpaid principal of this Note, plus accrued interest shall immediately become due and payable to Holder and no notice, other than notice of default, shall be necessary on the part of Holder to render the

entire amount due. For purposes of this section a default in the payment by Maker which is cured in ten (10) days of receipt of notice shall nonetheless be deemed a default and upon a second or third default, as the case may be, the entire principal and interest shall become due notwithstanding another subsequent cure by Maker.

7. Maker of this Note may prepay any or all of the remaining balance without penalty.

8. In addition to all other remedies provided herein, if at any time Maker shall have failed to deliver to Payee a full monthly payment within ten (10) days of the due date, Maker shall owe Holder as a consequence of such non-payment a late fee of three percent (3%) of said monthly payment.

9. If this Note is placed in the hands of an attorney for collection, Maker agrees to pay Holder's reasonable collection costs, including reasonable attorney fees, even though no legal proceeding is filed hereon.

10. In addition, Holder shall be entitled to recover reasonable attorney fees and legal expenses for the anticipated future costs of collection or enforcement of any judgment order or decree rendered in any legal proceeding commenced in connection with this agreement.

11. Maker hereby waives presentment, demand and protest.

12. This Note shall be construed, interpreted and the rights of the parties hereto determined in accordance with the laws of the State of Washington, without giving effect to the principles of conflicts of law of such state. Maker hereby irrevocably submits to the exclusive jurisdiction of any federal or state court located within the Spokane County,

Washington, over any dispute arising out of or relating to this Note or any of the transactions contemplated hereby and irrevocably agrees that all claims in respect of such dispute or any suit, action proceeding related thereto may be heard and determined in such courts. Maker irrevocably waives, to the fullest extent permitted by applicable law, any objection which it may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Maker agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Maker consents to process being served in any suit, action or proceeding with respect to this Note by the delivery of a copy thereof in accordance with the laws of the State of Washington. The prevailing party in any such action shall be entitled to receive from the non-prevailing party, as part of any judgment, a reasonable attorney fee.

Signature Page Follows

*Signature Page to Promissory Note for \$400,000.00 Payable to
Joseph Nappi, Jr. as Personal Representative Estate of Earle T. Kazmark*

MAKER
Spokane Broadcasting Company, LLC

Robert A. Fogal, Member

EXHIBIT 7
SECURITY AGREEMENT

SECURITY AGREEMENT

This is a Security Agreement executed on the ____ day of _____, 2012 by and between JOSEPH NAPPI, JR., as the Personal Representative of the Estate of Earle T. Kazmark ("Secured Party"), and SPOKANE BROADCASTING COMPANY ("Debtor") a State of Washington limited liability company. Pursuant to the terms of an Asset Purchase Agreement dated May ___, 2012 ("the Agreement"), Debtor has purchased from Secured Party all of the fixed and tangible assets of Radio Station KAZZ, at Deer Park, Washington, FCC Facility ID 3922. As part of the purchase price Debtor has executed and delivered to Secured Party a Promissory Note ("Note") for Four Hundred Thousand Dollars (\$400,000.00) and the parties have agreed that all the fixed and tangible personal property of the station being acquired by Debtor shall secure the payment of this Note. A Pledge Agreement(s) pledging all of the ownership interests held in Debtor to Secured Party and a Deed of Trust have also been executed and delivered. Therein, in consideration of the mutual promises herein contained and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties intending to be legally bound agree as follows:

1. SECURITY INTEREST AND DELIVERY

Debtor hereby grants Secured Party a security interest in all the fixed and tangible personal property of Debtor acquired pursuant to the Agreement, additions thereto, replacements and proceeds thereof, including but not limited to those described in **Exhibit 1** hereto, all of which shall hereinafter be called the "Collateral".

Debtor and Secured Party acknowledge that the security interest created herein does not extend to or encumber in any way the licenses and other authorizations issued by the Federal Communications Commission ("FCC Licenses") for the operation of the Station. While the parties acknowledge that the FCC Licenses are excluded from and not to be considered as any part of the Collateral as defined herein, Secured Party shall be entitled to the proceeds from the sale, assignment or transfer of said FCC Licenses via the

procedures as set forth by Paragraph 9 herein.

2. **POSSESSION AND ENJOYMENT**

As long as Debtor is not in default beyond any grace period hereunder on the Note, Debtor shall be entitled to possession of the Collateral and to use and enjoyment of the same.

3. **ABSENCE OF PRIOR SECURITY INTERESTS**

Debtor represents and warrants to Secured Party that the Collateral is free from any other prior security interest, lien or encumbrance whatsoever, and Debtor will defend title to the Collateral against all claims and demands of all persons at any time claiming the same, and will not sell, dispose of or encumber the Collateral without the prior consent of Secured Party, provided, however, that Debtor from time to time may sell, expand, trade or otherwise dispose of such of the Collateral as deemed necessary in the ordinary course of business and which is replaced by other Collateral of at least equal value.

4. **AFFIRMATIVE COVENANTS**

As long as any indebtedness to Secured Party remains outstanding under the Note, Debtor and its Members shall:

a. **Maintain Collateral.** Maintain the Collateral in good condition and repair, reasonable wear and tear excepted, and will pay and discharge all taxes, levies and other impositions levied thereon as well as the cost of repairs to or maintenance of the same. If Debtor fails to pay such sums, Secured Party may do so for Debtor's account and add the amount thereof to the debt secured thereby. Debtor shall have the right to dispose of individual items of the Collateral in the ordinary course of business so long as such items in the aggregate have no substantial adverse effect on the security intended to be afforded this Agreement.

b. **Insure Collateral.** Insure the Collateral against such risks and casualties

in such amounts as are customary for assets of that nature; and all insurance policies shall be written for the benefit of Debtor and Secured Party as their interests may appear. Such policies or certificates evidencing the same shall be furnished upon written request to Secured Party. In the event of any insured loss, Secured Party agrees that the insurance proceeds may be used to replace or refurbish any damage and it will endorse and/or execute and deliver any checks or other instruments required in connection therewith.

c. **Costs.** Pay all costs of filing any financing, continuation or termination statement with respect to the security interest created by this Agreement which Secured Party may deem necessary to protect the Collateral.

d. **Reasonable Access.** Allow Secured Party reasonable access to the Collateral for the purposes of inspection.

e. **Notice.** Promptly give Secured Party notice of any destruction, damage, or disposition of the Collateral, or cause such notice to be given.

f. **Certificates.** Deliver upon reasonable request, but not more often than annually, to Secured Party a certificate of Debtor stating whether or not an Event of Default (as hereinafter defined) exists as of the date of such certificate, and if so, what steps are being taken to cure the same.

5. **NEGATIVE COVENANTS**

As long as any indebtedness to Secured Party remains outstanding under the Note, Debtor and its Members shall not:

a. Permit any of the Collateral to be removed from the premises of Debtor's business, except in the usual and ordinary course of business, without the prior written consent of Secured Party. Debtor may remove Collateral from the premises in the event said Collateral is replaced by Collateral of equal or greater value.

b. Permit any superior security interest of any nature whatsoever to attach to the Collateral, except for liens for taxes not due and payable and vendor's security interest for the purchase or replacement of additional equipment, in which event Secured Party shall have a Second Secured Interest.

c. Permit anything to be done that may impair the value of any of the Collateral or the security intended to be afforded by this Agreement.

6. **EVENT OF DEFAULT**

If any one or more of the following events shall occur and shall not have been remedied, there shall have occurred an Event of Default:

a. Any representation or warranty made by Debtor in the Agreement, or herein, or in any certificate delivered pursuant hereto shall be breached or shall prove to be untrue in any material respect.

b. Default shall be made in the payment of the Note or any provision therein and the entire principal sum is declared due and payable by the Holder.

c. Default shall be made in the due performance or observance by Debtor of any covenant or agreement contained herein which shall remain unremedied for twenty (20) days after notice as prescribed in Paragraph 10 herein, or such additional time as may reasonably be required to cure said default, providing Debtor is proceeding diligently.

d. The license for the operation of Station KAZZ shall cease to be in full force or shall be modified in any material adverse respect.

e. Debtor shall:

(1) Apply for or consent to the appointment of a receiver, trustee or liquidator of itself or of all or a substantial part of its assets;

(2) Make a general assignment for the benefit of creditors;

(3) Be adjudicated a bankrupt or insolvent or file a voluntary petition in bankruptcy;

(4) File a petition or an answer seeking reorganization under bankruptcy acts or an arrangement with creditor or to take advantage of any insolvency law; or

(5) File an answer admitting the material allegations of, or consent to, or default in answering a petition filed against Debtor in any bankruptcy, reorganization or insolvency proceeding, or take any corporate action for the

purpose of affecting any of the foregoing.

f. An order, judgment or decree shall be entered by any court of competent jurisdiction approving a petition seeking reorganization of Debtor or of all or a substantial part of its assets under bankruptcy acts, and such order, judgment or decree shall continue unstayed and in effect for any period of thirty (30) consecutive days.

7. REMEDIES ON DEFAULT

If any event of default shall occur, Secured Party shall have the right to take the following action with respect to the Collateral:

a. To require the sale of any or all of the Collateral at a public sale upon such notice as may be required under the applicable laws of the jurisdiction and Secured Party may bid at such sale; provided that all notices of such sale shall specify that the assignment of licenses of Station KAZZ must be first approved by the Federal Communications Commission and similar notice shall be given to all those attending at the public sale.

b. To require that Debtor, as the defaulting party, join with the successful bidder at the public sale in the filing of an application with the Federal Communications Commission requesting the Commission's prior approval of the assignment of license of Station KAZZ to the successful bidder, it being expressly understood that the Collateral and licenses shall not be assigned to separate parties.

c. Except as stated, Secured Party shall have all other rights, powers and remedies of a secured party under the Uniform Commercial Code of Washington or any other applicable jurisdiction.

8. REDEMPTION

Debtor shall have the right to redeem the Collateral before the public sale by tendering to Secured Party in cash the full amount of the arrearage of principal and accrued interest on the Note together with any expenses of sale reasonably incurred by Secured Party to such date. Upon request by Debtor, Secured Party shall state the total

amount required for such redemption prior to the public sale thereof.

9. **APPLICATION OF PROCEEDS**

The proceeds from the public sale hereunder shall be applied in the following manner:

- a. First, to satisfy the reasonable expenses of sale, including but not limited to, attorney's fees provided for in the Note and incurred by Secured Party.
- b. Second, the satisfaction of the Note.
- c. Third, any remaining amount shall be returned to Debtor. Debtor shall be liable to Secured Party for any deficiency if the sale produces an amount insufficient to pay all of the items above.

10. **NOTICES**

All notices, consents and other communications pertaining to this Security Agreement shall be in writing and shall be deemed to be properly given or sent when delivered by prepaid certified or registered mail, return receipt requested, addressed to such party at its respective addresses as follows:

Debtor: Spokane Broadcasting Company, LLC
Attn: Robert A. Fogal
PO Box 690
La Quinta, CA 92247

Secured Party: Joseph Nappi, Jr.
Ewing Anderson, P.S.
522 W. Riverside
Suite 800
Spokane, WA 99201-0519

The parties hereto may designate such other address for notices by giving notice thereof in the above described manner.

11. **MISCELLANEOUS**

- a. All covenants, representations and warranties of Debtor herein or in any certificate delivered pursuant hereto shall survive the execution of this Security

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Agreement but shall terminate upon the final payment of the Note.

b. Paragraph headings are for ease of reference only and shall not be considered in considering this Agreement.

c. This Security Agreement, the Note, and all other documents contemplated hereunder shall be deemed to be contracts made under the law of the State of Washington, and shall be construed in accordance with the laws of that State without regard for conflict of laws. The parties hereto hereby irrevocably submit to the exclusive jurisdiction of any federal or state court located within the Spokane County, Washington, over any dispute arising out of or relating to this Agreement or any of the transactions contemplated hereby and each party hereby irrevocably agrees that all claims in respect of such dispute or any suit, action proceeding related thereto may be heard and determined in such courts. The parties hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each of the parties hereto hereby consents to process being served by any party to this Agreement in any suit, action or proceeding by the delivery of a copy thereof in accordance with the laws of the State of Washington. The prevailing party in any such action shall be entitled to receive from the non-prevailing party, as part of any judgment, a reasonable attorney fee.

d. No waiver by Secured Party of any Event of Default shall operate as a waiver of any other Event of Default, and the terms of this Security Agreement shall be binding upon the respective heirs, representatives, successors and assigns of the parties hereto.

e. This Agreement may be executed in multiple counterparts, each of which shall constitute one agreement, even though all parties do not sign the same counterpart.

EXECUTED on the day first above written.

SECURED PARTY

Joseph Nappi, Jr.
Personal Representative for the
Estate of Earle T. Kazmark

DEBTOR

Spokane Broadcasting Company

Joseph A. Nappi, Jr.,
Personal Representative

Robert A. Fogal, Member

EXHIBIT 8
PLEDGE

PLEDGE AGREEMENT

BETWEEN: JOSEPH NAPPI, JR. (Secured Party)
Personal Representative for the Estate of Earle T. Kazmark

AND: Robert A. Fogal, (Pledgor)

AND: Patricia S. Fogal (Pledgor)

Collectively, Robert A. Fogal and Patricia S. Fogal shall be known as the "Pledgor."

EFFECTIVE DATE: _____, 2012

RECITAL

Robert A. Fogal is the fifty percent owner and Patricia S. Fogal is the fifty percent owner of Spokane Broadcasting Company (Purchaser or Company), a State of Washington limited liability company which has purchased all of the assets used and useful in the operation of Radio Station KAZZ, Deer Park, Washington [Facility ID 3922]. Together Robert A. Fogal and Patricia S. Fogal own one hundred percent (100%) of Purchaser. Purchaser has executed and delivered a promissory note on the Effective Date to Secured Party in the principal amount of Four Hundred Thousand Dollars (\$400,000.00) (Note) pursuant to the Asset Purchase Agreement between the Secured Party, as Seller, and Purchaser, dated May __, 2012. To secure payment of the Note and to induce Secured Party to culminate the purchase and sale transaction, Pledgor, as the one hundred percent owner of Purchaser, has agreed to grant a security interest in its one hundred percent (100%) ownership interest in the Purchaser.

AGREEMENT

1. Grant of Security Interest. Pledgor grants to Secured Party a security interest in its one hundred percent (100%) ownership interest in the Purchaser, and all proceeds thereof. Such ownership interest is evidenced by a Certificate of Economic Interest made by the Company and issued to Pledgor.

2. Obligations Secured. The obligations secured by this agreement are the obligations of Purchaser under the Note including the obligation to make all payments on the Note.

3. Delivery of Certificate for Membership Interest. Pledgor has delivered to an escrow agent ("Escrow Agent") mutually agreeable to both Parties a Certificate of Economic Interest, Certificate Number 1, evidencing ownership of 500 Unit(s) of Economic Interest of the Purchaser and a second Certificate of Economic Interest of the Purchaser, Certificate Number 2, evidencing ownership of 500 Units of Economic Interest of the Purchaser, (the 1,000 Units of Economic Interest shall be referred to at the "Stock") together with a stock power endorsed in blank by Pledgor, to be held by the Escrow Agent subject to terms of an Escrow Agreement governing the Escrow Agent's obligations and duties with respect to such Certificate.

4. Care of Certificate. The Escrow Agent shall take reasonable care in the custody and the preservation of the Certificates pursuant to the terms of the Escrow Agreement. On performance in full of all obligations secured by this agreement, Escrow Agent and upon notice of such performance by Pledgor, Escrow Agent shall re-deliver the Certificates to the respective Pledgor, together with the stock power.

5. Representations and Warranties of Pledgor. Pledgor represents and warrants to Secured Party that:

5.1 Ownership. Pledgor is the owner of the Stock, free and clear of all liens, encumbrances, or other matters that might affect title to the Units.

5.2 Capitalization. The issued and outstanding stock of the Company consists of 1,000 Units of Economic Interest, one hundred percent (100%) of which are owned by Pledgor.

5.3 Capacity to Transfer Units. Pledgor has full power to transfer the Stock, and upon such transfer, the transferee shall take good and marketable title to the Stock free and clear of any claims, liens, encumbrances, or security interests.

6. Covenants of Pledgor With Respect to Units. Pledgor agrees that:

6.1 No New Encumbrances. Pledgor shall not allow or grant any other lien or security interest with respect to the Stock.

6.2 Maintenance of Security Interest. Pledgor shall procure, execute, and deliver from time to time any endorsements, assignments, financing statements, and other writings deemed necessary or appropriate by Secured Party to perfect, maintain, and protect Secured Party's security interest in the Stock and its priority in the Stock.

7. Covenants of Pledgor With Respect to Company. Until the Note is paid in full, unless otherwise agreed in writing by Secured Party, Pledgor agrees to cause the Company to:

7.1 Company Matters. Not amend its Articles of Organization or Operating Agreement, or adopt a plan of liquidation or dissolution;

7.2 Merger and Sale of Assets. Not merge with or into or consolidate with any other corporation or company, or sell, lease, transfer, or otherwise dispose of in a single transaction more than 10 percent of its assets other than in the ordinary course of business or unless the assets are replaced with like-kind assets of equal or greater value.

7.3 Insurance. Maintain insurance in such amounts and against such liabilities and hazards as is reasonable for the industry in which the Company operates.

8. Voting Units; Custody of Certificates.

8.1 As long as no Event of Default (as defined in Paragraph 10 below) shall have occurred, subject to Paragraphs 6 and 7, Pledgor shall be entitled to vote the Stock.

8.2 As long as no Event of Default (as defined in Paragraph 10 below) shall have occurred, subject to Paragraphs 6 and 7, Pledgor shall be entitled to any dividends paid by the Company.

8.3 As long as the obligations secured by this Agreement remain outstanding, Pledgor will not transfer, whether by sale, gift or otherwise, any ownership interest in the pledged Stock without Secured Party's prior written approval.

9. Events of Default. Any one or more the following events constitutes an event of default (Event of Default):

9.1 Failure to pay within 10 days after the due date any amount of principal and interest owing under the Note or any other agreement listed in paragraph 2.

9.2 The occurrence of a default, or of any event which with the giving of notice or the passage of time could constitute a default, under any agreement of the Company evidencing an obligation of the Company for borrowed money.

9.3 A breach of or a failure to perform any of the terms of this Agreement, the Note or any other agreement listed in Paragraph 2 (except failure to make payments owing under a monetary obligation, which shall be governed by the terms of Paragraph 10.1) which has not been cured within 20 days after notice has been given of such breach or failure, including, without limitation, the representations and warranties contained in Paragraph 5 and the covenants contained in Paragraphs 6 and 7 of this Agreement.

10. Remedies Upon Default. Upon the occurrence of any Event of Default, Secured Party may, in Secured Party's sole discretion and with or without further notice to Pledgor and in addition to all rights and remedies at law or in equity or otherwise:

10.1 Declare the entire balance of the Note immediately due and payable.

10.2 Register in Secured Party's name any or all of the Stock.

10.3 Exercise Secured Party's proxy rights with respect to all or a portion of the Stock for the purpose of a sale of the Stock upon Default. In such event, Pledgor agrees to deliver promptly to Secured Party further evidence of the grant of such proxy in any form requested by Secured Party.

10.4 Sell or otherwise dispose of the Stock in accordance with Paragraph 12 below.

11. Sale Upon Default. Pledgor and Secured Party acknowledge and agree that the Stock is difficult to value and does not have an existing public market. The parties further agree that the Stock is not subject to sale in a "recognized market." Pledgor and Secured Party wish to

agree to reasonable standards for conducting a commercially reasonable sale of the Stock. Without limiting rights and remedies otherwise available to Pledgor, the parties agree that compliance with the following steps shall satisfy requirements of a commercially reasonable sale;

11.1 The sale may be either a public or a private sale, at Secured Party's discretion, and it may be for all or any portion of the Stock.

11.2 Secured Party shall set a date for public sale of the Stock, or a date after which a private sale may occur, which date shall be not less than 30 days after the date notice of the sale is given to Pledgor, and shall send written notification to Pledgor in advance regarding the date and the time of the public sale, or the date after which a private sale may occur.

11.3 Any public sale shall take place at a site selected by Secured Party.

11.4 Immediately upon request, Pledgor shall provide Secured Party with information requested by Secured Party for compliance with state or federal securities laws.

11.5 At any sale of any of the Stock, Secured Party may restrict the prospective bidders or purchasers to persons or entities who, by certain representations made by them, would render registration of the sale under state or federal securities laws unnecessary.

12. FCC Approval. It is understood and agreed that, notwithstanding this Agreement, Pledgor shall have control of the Company for purposes of operations of Purchaser and Radio Station KAZZ, until a sale of the Stock is completed, and consummation of that sale occurs pursuant to the consent of the Federal Communications Commission ("FCC"). In connection with any consent or consents required to be obtained from the FCC with respect to any of the provisions hereof, or implementation thereof, or Secured Party's remedies hereunder, Debtor agrees to immediately, upon demand by Secured Party, execute any documents, perform any acts, provide any information and otherwise cooperate with Secured Party to obtain such FCC consent or consents without receiving any further consideration thereof.

13. Notice. All notices required by this Agreement shall be in writing addressed to the party to whom the notice is directed at the address of that party set forth below the signatures on this Agreement and shall be deemed to have been given for all purposes upon receipt when

personally delivered; one day after being sent, when sent by recognized overnight courier service; two days after deposit in United States mail, postage prepaid, registered or certified mail; or on the date transmitted by facsimile. Any party may designate a different mailing address or a different person for all future notices by notice given in accordance with this paragraph.

14. Attorney Fees. In any proceeding to enforce or interpret this Agreement, the prevailing party shall be entitled to recover from the losing party reasonable attorney fees, costs, and expenses incurred by the prevailing party before and at any trial, arbitration, bankruptcy or other proceeding, and in any appeal or review.

15. Modification. No modification of this Agreement shall be valid unless it is in writing and is signed by all of the parties.

16. Integration. This Agreement is the entire agreement of the parties. There are no promises, terms, conditions, or obligations other than those contained in this Agreement. This Agreement shall supersede all prior communications, representations, and agreements, oral or written, of the parties.

17. Interpretation. The paragraph headings are for the convenience of the reader only and are not intended to act as a limitation on the scope or meaning of the paragraphs themselves. This Agreement shall not be construed against the drafting party.

18. Severability. The invalidity of any term or provision of this Agreement shall not affect the validity of any other provision.

19. Waiver. Waiver by any party of strict performance of any provision of this Agreement shall not be a waiver of or prejudice any party's right to require strict performance of the same provision in the future or of any other provision.

20. Binding Effect. Subject to restrictions in this Agreement upon assignment, if any, this Agreement shall be binding on and inure to the benefit of the heirs, legal representatives, successors, and assigns of the parties.

21. Governing Law, Jurisdiction and Venue, and Attorney's Fees. This Agreement shall be construed, interpreted and the rights of the parties hereto determined in accordance with the laws of the State of Washington, without giving effect to the principles of conflicts of law of such state. The parties hereto hereby irrevocably submit to the exclusive jurisdiction of any federal or state court located within the Spokane County, Washington, over any dispute arising out of or relating to this Agreement or any of the transactions contemplated hereby and each party hereby irrevocably agrees that all claims in respect of such dispute or any suit, action proceeding related thereto may be heard and determined in such courts. The parties hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each of the parties hereto hereby consents to process being served by any party to this Agreement in any suit, action or proceeding by the delivery of a copy thereof in accordance with the laws of the State of Washington. The prevailing party in any such action shall be entitled to receive from the non-prevailing party, as part of any judgment, a reasonable attorney fee.

22. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall constitute one agreement, even though all parties do not sign the same counterpart.

Signature page to Pledge Agreement follows

Signature page to Pledge Agreement

SECURED PARTY

PLEDGOR

**PERSONAL REPRESENTATIVE FOR
ESTATE OF EARLE T. KAZMARK**

Joseph Nappi, Jr., Personal Representative
Ewing Anderson
522 W. Riverside, Ste. 800
Spokane, WA 99201-0519

Robert A. Fogal
PO Box 690
La Quinta, CA 92247

PLEDGOR

Patricia S. Fogal
PO Box 690
La Quinta, CA 92247

THE ECONOMIC INTEREST REPRESENTED BY THIS CERTIFICATE IS A SECURITY
GOVERNED BY THE WASHINGTON UNIFORM COMMERCIAL CODE.

CERTIFICATE OF ECONOMIC INTEREST

In

***Spokane Broadcasting Company, LLC
a Washington Limited Liability Company***

CERTIFICATE NO. 1

**Membership Interest
500 UNITS
(50%)**

The undersigned, Robert Fogal, member of SPOKANE BROADCASTING COMPANY, LLC (the "Company"), a Washington limited liability company, does, by these presents, hereby certify that he, Robert Fogal, is the record owner of 500 Units of Economic Interest in the Company, which represents fifty percent (50%) of the economic interest in said Company.

These Units of Economic Interest are subject to restrictions on transfer as set forth in the Operating Agreement of the Company.

Dated effective _____, 2012.

COMPANY:
SPOKANE BROADCASTING COMPANY, LLC

By: _____
Print: _____
Individually

By: _____
Print: _____
Member

THE EQUITY INTEREST REPRESENTED BY THIS CERTIFICATE HAS BEEN PLEDGED TO SECURE REPAYMENT OF AN INDEBTEDNESS TO JOSEPH NAPPI, JR., AS PERSONAL REPRESENTATIVE OF THE ESTATE OF EARLE T. KAZMARK (THE "PLEDGE"). THE VOLUNTARY OR INVOLUNTARY ENCUMBERING, TRANSFER OR OTHER DISPOSITION OF THIS EQUITY INTEREST, OR ANY INTEREST THEREIN, IS RESTRICTED UNDER THE TERMS OF A PLEDGE AND SECURITY AGREEMENT IN FAVOR OF PLEDGEE DATED _____, 2012.

THE ECONOMIC INTEREST REPRESENTED BY THIS CERTIFICATE IS A SECURITY
GOVERNED BY THE WASHINGTON UNIFORM COMMERCIAL CODE.

CERTIFICATE OF ECONOMIC INTEREST

In

***Spokane Broadcasting Company, LLC
a Washington Limited Liability Company***

CERTIFICATE No. 2

Membership Interest
500 UNITS
(50%)

The undersigned, Patricia Fogal, member of SPOKANE BROADCASTING COMPANY, LLC (the "Company"), a Washington limited liability company, does, by these presents, hereby certify that she, Patricia Fogal, is the record owner of 500 Units of Economic Interest in the Company, which represents fifty percent (50%) of the economic interest in said Company.

These Units of Economic Interest are subject to restrictions on transfer as set forth in the Operating Agreement of the Company.

Dated effective _____, 2012.

COMPANY:
SPOKANE BROADCASTING COMPANY, LLC

By: _____
Print: _____
Individually

By: _____
Print: _____
Member

THE EQUITY INTEREST REPRESENTED BY THIS CERTIFICATE HAS BEEN PLEDGED TO SECURE REPAYMENT OF AN INDEBTEDNESS TO JOSEPH NAPPI, JR., AS PERSONAL REPRESENTATIVE OF THE ESTATE OF EARLE T. KAZMARK (THE "PLEDGE"). THE VOLUNTARY OR INVOLUNTARY ENCUMBERING, TRANSFER OR OTHER DISPOSITION OF THIS EQUITY INTEREST, OR ANY INTEREST THEREIN, IS RESTRICTED UNDER THE TERMS OF A PLEDGE AND SECURITY AGREEMENT IN FAVOR OF PLEDGEE DATED _____, 2012.

EXHIBIT 9
GUARANTY

GUARANTY

DATE: _____

PARTIES: SPOKANE BROADCASTING COMPANY
a Washington limited liability company (Debtor)

AND: ROBERT A. FOGAL (Guarantor)
an individual residing in the State of California

AND: PATRICIA S. FOGAL (Guarantor)
an individual residing in the State of California

AND: JOSEPH NAPPI, JR. (Creditor)
Personal Representative for the Estate of Earle T. Kazmark

AGREEMENT:

I. OBLIGATION OF GUARANTORS.

In consideration for the extension of credit by Creditor to Debtor, each of the Guarantors hereby jointly, severally and unconditionally, subject only to the limitations set forth in Paragraph 2, guarantees and promises to pay to Creditor, on demand, any and all indebtedness of Debtor to Creditor.

II. MAXIMUM LIABILITY

The joint and several liability of Guarantors hereunder shall not exceed at any one time the sum of:

A. The principal amount of FOUR HUNDRED THOUSAND DOLLARS (\$400,000.00).

B. An amount equal to all interest owed by Debtor at any time hereafter upon the principal indebtedness of Debtor; provided, that if such indebtedness shall exceed the principal amount specified in item a. above, interest to be included in

this item shall be on such indebtedness as shall be designated by Creditor, which does not exceed the amount specified in item A.

C. All costs and expenses, including attorney's fees, incurred by Creditor in connection with the collection of the indebtedness of Debtor or with the collection or sale of any collateral.

D. Reasonable attorney's fees and other expenses in any legal proceeding, in the trial court or on appeal, brought to enforce or collect any obligation of either Guarantor under this guaranty.

The limitation on liability set forth herein shall not be a restriction on the amount of indebtedness of Debtor to Creditor either in the aggregate or at any one time.

III. "INDEBTEDNESS" DEFINED

The word "indebtedness" is used herein in its most comprehensive sense and includes, but is not limited to, any and all advances, debts, obligations, and liabilities of Debtor, or any one or more of them, including judgments against Debtor, heretofore, now, or hereafter made, incurred, or created, whether voluntarily or involuntarily and however arising, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, and whether Debtor may be liable individually or jointly with others or primarily or secondarily, and whether recovery upon such indebtedness may be or hereafter may become barred by any statute of limitations, and whether such indebtedness may be or hereafter may become otherwise unenforceable.

IV. NATURE OF GUARANTORS' UNDERTAKING

The liability of each Guarantor hereunder shall be open and continuous for as long as this guaranty shall be in force. Each Guarantor intends to guarantee this at all times the performance of all obligations of Debtor to Creditor within the limits set forth above. No payments made upon Debtor's indebtedness shall be

held to discharge or diminish the liability of each Guarantor for any and all remaining and succeeding indebtedness of Debtor to Creditor. All indebtedness which each Guarantor undertakes to pay hereunder shall be paid in lawful money of the United States of America. The liability of each Guarantor hereunder shall be enforceable against both the separate and community property of such Guarantor existing at the date of execution hereof or hereafter acquired.

V. DURATION OF GUARANTY

This guaranty shall take effect when received by Creditor, without the necessity of any acceptance by Creditor. This guaranty shall bind the estate of each Guarantor as to indebtedness created both before and after the death or incapacity of such Guarantor.

VI. CONSENT TO CREDITOR'S ACTS

Each Guarantor authorizes Creditor to deal with Debtor and Debtor's sureties, endorsers and other guarantors, in any manner in which Creditor sees fit in connection with any indebtedness of Debtor to Creditor, without further consent or authorization from such Guarantor being necessary. Specifically, but without limiting the power of Creditor, Creditor may, without the necessity of any consent from either Guarantor and without affecting either Guarantor's liability hereunder:

- A. make secured or unsecured loans to Debtor;
- B. extend the time for payment of any indebtedness of Debtor;
- C. release any collateral given by Debtor, with or without substitution of new collateral;
- D. release or agree not to sue Debtor's sureties, endorsers or other guarantors on any terms Creditor chooses;
- E. sue or fail to sue Debtor upon any overdue indebtedness or realize or neglect to realize upon any collateral held in connection therewith.

VII. CREDITOR'S RIGHTS AGAINST GUARANTORS

Each Guarantor hereby expressly waives presentment, protest, demand or notice of any kind, including those of nonpayment of any of Debtor's indebtedness and notice of any action or nonaction on the party of Debtor, Creditor or any surety, endorser or other guarantor. Upon any default of Debtor on any obligation to Creditor, Creditor may, at its option, then and there demand and be entitled to payment from each or either Guarantor of the full amount, or any part of the amount, of Debtor's indebtedness to Creditor, within the limitations set forth above. If a Guarantor shall not pay the sum demanded to Creditor, Creditor may proceed directly and at once against such Guarantor to collect such sum without first proceeding against Debtor, or any surety, endorser or other guarantor and without foreclosing upon, selling or otherwise disposing of any collateral. Specifically, Creditor may, at its election, join Guarantors, or any one or more of them, with Debtor in the same proceeding or proceedings. Failure of Creditor to make such demand at such time or to so proceed shall not relieve either Guarantor of such Guarantor's obligations hereunder or in any sense constitute a waiver. Creditor shall have the right to demand and collect from Guarantors, jointly and severally, all or any portion of Debtor's indebtedness, subject only to the limitations set forth in Paragraph 2. Failure of Creditor at any time to demand from a Guarantor or to proceed to collect from a Guarantor the full amount of Debtor's indebtedness shall not preclude Creditor from later demanding or proceeding to collect from such Guarantor any remaining indebtedness of Debtor to Creditor covered by this guaranty. In any legal proceeding brought by Creditor against a Guarantor, such Guarantor will not assert as a defense any statute of limitations if at the time the legal proceeding is commenced there is outstanding any indebtedness of Debtor to Creditor which is not barred by the statute of limitations of the state of Washington.

VIII. SUBORDINATION OF GUARANTORS' RIGHTS AGAINST DEBTOR

Each Guarantor agrees that the indebtedness of Debtor to Creditor, whether now existing or hereafter created, shall be and the same is hereby declared to be prior to any claim that such Guarantor may now have or hereafter acquire against Debtor, whether or not Debtor becomes insolvent, and such Guarantor shall, and does expressly subordinate any such claim such Guarantor may have against Debtor, upon any account whatsoever, to any claim that Creditor may now or hereafter have against Debtor. In the event of insolvency and consequent liquidation of the assets of Debtor through bankruptcy, or by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Debtor applicable to the payment of the claims of both Creditor and such Guarantor shall be paid to Creditor and shall be first applied by Creditor to the indebtedness of Debtor to Creditor guaranteed herein. Each Guarantor does hereby assign to Creditor all claims which such Guarantor may have or acquire against Debtor or any assignee or trustee in bankruptcy of Debtor; provided, that such assignment shall be effective only for the purpose of assuring to Creditor full payment of all indebtedness of Debtor to Creditor guaranteed herein.

IX. WAIVER

No waiver by Creditor of any default in the terms, conditions or provisions of this guaranty shall operate as a waiver of any other default by either Guarantor.

X. INTERPRETATION

All rights of Creditor hereunder shall inure to the benefit of the successor and assigns of Creditor, and all obligations of each Guarantor shall bind the successors and assigns of such Guarantor. Persons named in this guaranty as a Guarantor shall be jointly and severally liable for performance under the

provisions of this guaranty, and any reference to Guarantor shall be construed as applicable to one or more of the persons named in this guaranty as Guarantor.

XI. APPLICABLE LAW, JURISDICTION, VENUE AND ATTORNEY'S FEES

This guaranty shall be construed, interpreted and the rights of the parties hereto determined in accordance with the laws of the State of Washington, without giving effect to the principles of conflicts of law of such state. The parties hereto hereby irrevocably submit to the exclusive jurisdiction of any federal or state court located within the Spokane County, Washington, over any dispute arising out of or relating to this Agreement or any of the transactions contemplated hereby and each party hereby irrevocably agrees that all claims in respect of such dispute or any suit, action proceeding related thereto may be heard and determined in such courts. The parties hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each of the parties hereto hereby consents to process being served by any party to this guaranty in any suit, action or proceeding by the delivery of a copy thereof in accordance with the laws of the State of Washington. The prevailing party in any such action shall be entitled to receive from the non-prevailing party, as part of any judgment, a reasonable attorney fee.

XII. WARRANTY OF AUTHORITY

The person or persons executing and delivering this guaranty on behalf of each Guarantor represent and warrant that they are duly authorized to do so and

that the execution and delivery of this guaranty is the lawful and voluntary act of such Guarantor.

GUARANTOR

By: _____
Robert A. Fogal

GUARANTOR

By: _____
Patricia S. Fogal