

ASSET PURCHASE AGREEMENT

Asset Purchase Agreement ("APA"), made and entered into this 27th day of June, 2011, by and between Penfold Communications, Inc., a California not-for-profit corporation ("Seller"), and Calvary Chapel of Costa Mesa, Inc., a California not-for-profit corporation ("Buyer").

WITNESSETH:

WHEREAS, Seller is the owner and holds licenses issued by the Federal Communications Commission ("FCC") for the operation of the following broadcast stations (the "Stations"):

FM Translator Stations:

K295AJ, FCC Facility ID No. 48502, North Las Vegas, Nevada
K284AU, FCC Facility ID No. 138865, Clark Mountain, California
K245AI, FCC Facility ID No. 142730, San Pasqual, California

Non-Commercial Educational FM Broadcast Station:

KWTH, FCC Facility ID No. 87122, Barstow, California

and,

WHEREAS, Seller desires to sell the Stations to Buyer as a going business, and Buyer desires to purchase them on the terms and conditions hereinafter set forth;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants hereinafter set forth, it is agreed as follows:

1. Assets to Be Sold: The assets to be sold shall consist of all of Seller's personal property used in the operation of the Stations; any leases held by Seller and used in the operation of the Stations; and the licenses issued by the FCC for the operation of the Stations, subject to prior FCC consent to the assignment of such licenses from Seller to Buyer. Seller's accounts receivable and any cash on hand are exempt from this sale and will not be acquired by Buyer.

2. Purchase Price: The purchase price for the assets described in paragraph 1 shall consist of the sum of Three Hundred Fifty Thousand Dollars (\$350,000.00) and will take the form of a promissory note of Buyer in that principal amount, bearing interest at the rate of five percent (5%) per annum and payable in sixty (60) equal, consecutive monthly payments of principal and interest, the first such payment to become due and payable on the first day of the first full month following the Closing as hereinafter defined. There will be a security agreement which will provide for the Seller to have a first security interest in all of the property

used by Buyer in the operation of the Stations, including to the maximum extent permitted by law the licenses issued by the FCC for the operation of the Stations.

3. **Application for FCC Consent; Closing:** Within five (5) days of the date of execution of this APA, Seller and Buyer will file an application with the FCC for FCC consent to the transactions contemplated by this APA. Buyer and Seller will vigorously prosecute such application and do all things reasonably necessary to obtain a grant thereof. Within ten (10) days after the FCC has issued an order granting such consent, a Closing shall be held by exchange of documents to take place by electronic means and/or Federal Express; provided, however, that at the option of the Buyer the Closing may be postponed to a day no later than ten (10) days after the FCC's order becomes final, *i.e.*, no longer subject to any administrative or judicial review. At the Closing, the parties will exchange any and all documents which may be necessary and/or appropriate to fully carry out the terms of this APA.

4. **Accounts Receivable:** At least ten (10) days prior to the Closing date, Seller will furnish Buyer with a list of Seller's Accounts Receivable. Following the Closing, Buyer will collect such accounts on Seller's behalf and will render an accounting of such collections, along with payment of the proceeds of such collections, at intervals of thirty (30), sixty (60) and ninety (90) days from the Closing. Any accounts not collected prior to a date ninety (90) days from the Closing shall revert to Seller, and Seller shall be at liberty to collect such accounts for its own benefit

5. **Seller's Warranties:** Seller warrants that it has good and marketable title to all of the assets to be conveyed to Buyer; that any and all leases subject to this transaction to be conveyed to Buyer, per Consent to Assignment of Lease, will be valid and current, in full force and effect with no debt or past due tower rents or fees owing to any Lessor. Buyer will in no case be responsible for any leasehold liabilities of Seller's, if any, incurred prior to date of closing and that all of the other property to be conveyed to Buyer will be free and clear of all liens and obligations on the day of Closing. All of the physical property, however, is being sold "as is and where is" and Seller makes no warranties concerning the condition of such property.

6. **Specific Performance:** The Stations which are the subject of this APA are unique, so that mere money damages would be insufficient to compensate Buyer for the loss of such Stations. Therefore, Buyer may enforce this APA by a suit for specific performance and it shall be no defense to any such action that Buyer, allegedly, has an adequate remedy at law.

7. **Termination:** In the event that the transactions contemplated by this APA have not been consummated within one hundred twenty (120) days of the date of this APA, then either party may terminate this APA upon written notice to the other and this APA shall become null and void and neither party shall have any further obligation thereunder; provided, however, that the party giving such notice must not be in material default under any provision of this APA.

8. **Notices:** Any notice required hereunder shall be in writing and any payment, notice or other communications shall be deemed given when delivered personally, or mailed by certified mail or Federal Express, postage prepaid, with return receipt request, and addressed as follows:

If to Seller: Penfold Communications, Inc.
ATTN: Jeffrey W. Smith
35200 Cathedral Canyon Drive
Suite 53
Cathedral City, CA 92234

With a copy to: Lauren A. Colby, Esq.
10 E. Fourth Street
P.O. Box 113
Frederick, MD 21705-0113

If to Buyer: Calvary Chapel of Costa Mesa, Inc.
ATTN: Charles W. Smith, President
3000 W. MacArthur Boulevard
Suite 500
Santa Ana, CA 92704

With a copy to: Janet Carter, Esq.
The Advocates Legal Center, Inc.
3000 West MacArthur Boulevard
Suite 208
Santa Ana, CA 92704

9. Buyer's Obligations to Close: Buyer's obligations to consummate the transactions contemplated by this APA are subject to the approval of Buyer's board of directors and to a due diligence investigation to assure Buyer that the assets being acquired by Buyer are satisfactory to Buyer. Buyer shall have ninety (90) days from the date of this APA to conduct its due diligence investigation and during that time period Seller will make all of the assets available to Buyer for investigation at reasonable times and under reasonable conditions, so that Buyer may satisfy itself that such assets are satisfactory to Buyer.

10. No Conflict: Lauren A. Colby, Esq., has represented the Seller in connection with this APA. Janet Carter, Esq., has represented the Buyer in connection with this APA. The parties stipulate that this does not constitute a conflict of interest on the part of Mr. Colby or Ms. Carter, and no party to this APA shall be heard to argue otherwise.

11. California Contract: This APA is a California contract and shall be construed and interpreted in accordance with the laws of that state (other than those laws relating to conflict of laws).

12. **Counterparts:** This APA may be executed in counterpart and/or by telecopy and, when so executed the counterparts taken together shall constitute a complete and binding agreement.

WHEREFORE, the parties to this APA have set the hands and seals of their authorized representatives on the day and year first above written.

PENFOLD COMMUNICATIONS, INC.

By: _____
Jeffrey W. Smith, President

CALVARY CHAPEL OF COSTA MESA, INC.

By: *Charles W. Smith*
Charles W. Smith, President

12. **Counterparts:** This APA may be executed in counterpart and/or by telecopy and, when so executed the counterparts taken together shall constitute a complete and binding agreement.

WHEREFORE, the parties to this APA have set the hands and seals of their authorized representatives on the day and year first above written.

PENFOLD COMMUNICATIONS, INC.

By: 

Jeffrey W. Smith, President

CALVARY CHAPEL OF COSTA MESA, INC.

By: _____
Charles W. Smith, President