

## AGREEMENT FOR SALE OF BUSINESS ASSETS

THIS AGREEMENT is entered into between KENNETH E. KARGE and FORREST SMITH dba Volcano Broadcasting, hereinafter referred to as "Seller," and Marty Rowe and David Aldridge dba The Mountain Broadcasting LLC, hereinafter referred to as "Buyer."

WHEREAS, Seller owns a business and radio station known as KOHI located at 36200 Pittsburg Rd., Suite C, St. Helens, Oregon 97051, with transmitter located on 2.5 acres of leased land on Milton Way in St. Helens, OR; hereinafter referred to as the "Business;" and

WHEREAS, Buyer desires to purchase from Seller and Seller desires to sell to Buyer the following specified assets of the business;

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

1. Total sale price. Total sale price for the following mentioned assets as of the date of sale closure is in the sum of One Hundred and Ninety-five Thousand and 00/100 Dollars (\$195,000.00), and includes the following:

(a) The business trade fixtures, furniture and equipment specified in Exhibit A, the same being attached hereto and by reference incorporated herein as if set forth in full at this point, for the sum of \$40,000;

(b) Seller's license for radio broadcasting for the sum of \$140,000;

(c) The goodwill is sold for the sum of \$10,000;

(d) Accounts receivable for the sum of \$5,000.

2. Payment of Purchase Price. Buyer shall pay to Seller or its assigns the total purchase price for the above-described property the sum of One Hundred Ninety-Five Thousand and 00/100 Dollars (\$195,000.00) as follows:

(a) A down payment in the form of a credit from Seller to Buyer in the amount of \$28,000.00 for previous equipment purchased by Buyer for the radio station, (b) a credit from the Seller to Buyer in the amount of \$35,000.00 for costs to be incurred by Buyer in moving the antenna/transmitter site.

(b) Said remaining principal balance in the sum of \$132,000 shall be paid in 144 monthly payments of \$1357.46 which is principal and interest at an annual percentage rate of 7%.

3. Sale Closure and Closing Date. The full execution of this agreement, the delivery of possession of the business premises and of the property sold to Buyer and closure of this sale shall all occur contemporaneously with each other on the date of this contract specified hereafter, upon approval of the transfer of license to the Buyer by the FCC. Upon closing, all risk of casualty loss for the assets sold shall pass to the Buyer. Buyer will have ultimate control over station programming and

necessary physical property without reservation to Seller. Buyer shall have sole responsibility to move antenna and transmitter site with no recourse whatsoever to Seller and shall hold Seller harmless from any action which may occur in such a move. Buyer shall pay all closing costs and FCC fees for transfer of license from Seller to Buyer.

4. Prorates. Payables including personal property taxes, utilities, rents to the date of the close of sale, insurance premiums if applicable, and other such items shall be assumed by the Buyer. Buyer agrees to assume all payables upon date of closing including all delinquent rents, license fees, lease payments, personal property taxes, utilities and any other obligations of the business other than employment contracts of Seller. Buyer shall assume all accounts receivable upon closing except those of previously aired spots or programs which have aired prior to date of closing. All payables shall be allocated to day of closing and any of Seller's obligations delinquent or not shall be paid by buyer and credited against monthly payment due Seller.

5. Inventory and Accounts Receivable. The parties acknowledge that at sale closure and in addition to the assets mentioned hereinabove, Buyer shall receive, at no additional cost, all the supply inventory of the business. Buyer shall be responsible for payment of purchase orders for inventory items that have been placed by Seller before closing but that will not be delivered until after the closing date.

Seller and Buyer agree that all accounts receivable and payment thereon shall be the sole property of Buyer as of date of closing.

6. Seller's Representations, Assurances and Warranties.

(a) Seller is in full compliance and in good standing under all of the laws and regulations of the State of Oregon and governmental authorities under which it operates and is duly qualified to do business, licensed by the FCC.

(b) Execution and delivery of this Agreement by Seller and consummation of the contemplated transactions will not require the authorization, consent or approval of any third party, including any governmental subdivision or regulatory agency; other than approval of the FCC License Transfer of Control;

(c) Seller represents that the consummation of this sale violates no contract or agreement made between Seller and any third party. Seller represents that it has full legal right and authority to consummate the within sale. Seller represents, and it is understood, that the assets constituting the substance of this sale are free and clear of liens and encumbrances.

(d) Seller represents that any and all wages owed to Seller's employees have been paid or provided for as of the date of sale closure. It is understood that Seller is responsible and shall pay when due all amounts accrued and/or owing to employees as of the closing date of this transaction, which includes but is not limited to vacation pay and any other employee benefits to which Seller's employees are entitled and which are attributable to a period prior to sale closure. It is further understood that Buyer's relationship, if any, with any employees working for Seller on or before the date of sale closure shall commence as of the point in time immediately after the closure of this sale. Buyer is not assuming any obligations or arrangements which Seller may have with any employees. All employees of Seller are on an employment basis which is terminable at will;

(e) At the time of closing there will be no employment contracts, contracts for services or maintenance, or other similar contracts existing or relating to or connected with the operation of Seller's business not cancellable at will;

(f) All of the books and records provided Buyer as to the operation of the business are complete and accurately describe the operation of the business. Seller makes no representation or guaranty that Buyer will have similar financial results or that Buyer will have the same or equivalent number of tax returns or gross income as Seller.

7. Indemnification. Seller hereby agrees to indemnify Buyer and holds it harmless against and in all respects of any and all claims, losses, expenses, obligations and liabilities, including attorneys' fees, which arise or result from or are related to Seller's operation of the business prior to the closing date or any breach by Seller of any of Seller's representations and warranties, commitments, obligations or covenants hereunder or any failure to perform any of the conditions required to be satisfied by Seller in connection with the sale contemplated hereunder. To the extent provided herein, Seller shall reimburse Buyer, at Buyer's option, on demand for any payment made or loss or damage suffered by Buyer at any time after the closing date, based upon any bona fide compromise or settlement by Buyer of claims, demands or actions in respect of any loss or damage to which the foregoing indemnity relates.

8. Lease Assignment and Assumption. Buyer acknowledges that it has fully examined and approved the lease for the business premises including the addenda thereto and acknowledges the present effectiveness and validity of that certain assignment of lessee's interest by Seller to Buyer as of the date of sale closure. Buyer agrees to assume, pay and perform said lease, thereby holding Seller harmless thereon in all respects. Buyer agrees to renegotiate an antenna and transmitter site lease and assumes expenses for any relocation of antenna and transmitter when it is necessary to do so.

9. Buyer's Inspection. Buyer certifies that this agreement is accepted and executed on the basis of their own examination and personal knowledge of the property and opinion as to the value thereof; that no attempt has been made to influence Buyer's judgment by Seller; that no representations as to the condition or repair of said property have been made by Seller or by any agent of Seller except Seller's representation that all items of equipment as of the date of sale closure shall be in good working order and functioning properly, and further that there are no defects known to Seller which remain uncommunicated to Buyer. The parties acknowledge that there is no agreement for Seller to alter, repair or improve said property and except for the representations hereinabove expressed and other representations and warranties provided herein, Buyer takes said property in the condition existing as of the date of sale closure, AS IS, with all faults.

10. Buyer's Obligation. In addition to the required monthly rent, Buyer shall pay the appropriate taxing authority all personal property taxes which are hereafter levied against the property and all public, municipal and statutory liens, consumption tax and sales tax which may be hereafter lawfully imposed upon the property after date of closing. Additionally, Buyer shall protect Seller from all mechanic's and all other encumbrances and liens and hold the Seller harmless there from, and

reimburse Seller for all costs and attorney fees incurred by Seller in defending against such liens; provided, however, Buyer shall have the right, at its own expense, to defend or otherwise contest any such lien or encumbrance. As long as such defense or contest is conducted in good faith, Buyer shall not be required to pay or clear said obligation until final adjudication thereof. However, reasonable arrangements shall be made to protect Seller during the pendency of such contest. All equipment purchased for radio station by Buyer shall act as collateral for promissory note due Seller. Should Buyer default on promissory note, Seller shall immediately take possession of all equipment purchased by Buyer for radio station without recourse from Buyer. Buyer also agrees to pay any fees for transfer of license by FCC back to Seller if Buyer defaults on promissory note. Both Buyer and Seller understand that the Station License may not be liened or used as collateral in any way as part of this transaction as per the FCC.

11. Attorney Fees and Receiver. In the event any civil action or proceeding is filed by reason of the breach of or to enforce any provisions of this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party its legally authorized costs and disbursements and reasonable attorney fees as determined and assessed by the trial court and in any appellate court or bankruptcy court as applicable. In addition to all other remedies provided in this Agreement and by law, the court, upon motion of the Seller, may appoint a receiver to take possession and control of the subject property and business during the pendency of any civil action or proceeding to collect the income and profits therefrom and (after deducting the receiver's proper charges and expenses) apply the same to the sums due Seller hereunder or otherwise as the court may direct.

12. Additional Documents. Each party hereto shall execute and deliver any and all documents and instruments necessary or convenient to carry out the purposes of this Agreement.

13. Entire Agreement, Amendment and Waiver. This Agreement sets forth the entire understanding of the parties. It shall not be changed except by amendment in writing signed by all parties hereto.

14. Notices. All notices given hereunder shall be mailed to the following addresses:

**Seller:** Kenneth Karge and Forrest Smith  
**ATTN:** Forrest Smith  
60584 Robinette Road  
St. Helens, OR 97051

**Buyer:** Marty Rowe and David Aldridge The Mountain Broadcasting LLC  
**ATTN:** Marty Rowe, VP & General Manager  
P.O. Box 396  
Forest Grove, OR 97116

or at such other address as may be indicated by written notice given to the other parties in the manner provided for the giving of notice herein. All notices by certified mail, return receipt requested, and the deposit in the mail of such notices with postage prepaid to the addresses provided for in this paragraph, shall be deemed to be given at the time of mailing. Notices given in any other manner shall be deemed given when actually received by the party notified.

15. Representation. This Agreement was prepared by the Buyers in this transaction. Seller has been advised to obtain their own legal representation. The rule of construction that a written agreement is construed against the party preparing or derating such agreement shall specifically not be applicable in the interpretation of this Agreement and any documents executed and delivered pursuant to or in connection with this Agreement.

16. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the respective parties and their successors and assignees, heirs and personal representatives, and shall be interpreted according to the laws of the State of Oregon. The masculine or neuter includes the masculine, feminine and neuter, and the singular includes the plural as the circumstances require.

THIS AGREEMENT is deemed dated this 11<sup>th</sup> day of October, 2006, and is effective upon date of FCC approval of transfer of license.

**SELLER:**

Forest Smith and Kenneth E. Karge, Partners  
Volcano Broadcasting

By

Kenneth E. Karge  
Kenneth E. Karge, Partner

By

Forrest Smith  
Forrest Smith, Partner

**BUYER:**

Marty Rowe and David Aldridge, Members  
The Mountain Broadcasting, LLC

By

David C. Aldridge  
Authorized Member

By

Marty Rowe  
Authorized Member