
**ASSET PURCHASE
AND SALE AGREEMENT**

by and between

**MOON BROADCASTING SACRAMENTO, LLC
(Buyer)**

and

**THE Z-SPANISH II TRUST
(Seller)**

Dated as of July __, 2001

ASSET PURCHASE AND SALE AGREEMENT

THIS ASSET PURCHASE AND SALE AGREEMENT (the "*Agreement*") is made as of this ____ day of July, 2001, by and between **Moon Broadcasting Sacramento, LLC**, a California Limited Liability Company (the "*Buyer*"), and **The Z-Spanish II Trust** (the "*Seller*").

W I T N E S S E T H:

WHEREAS, the Seller owns and operates radio stations **KZSA(FM)**, Placerville, California and **KSQR(AM)**, Sacramento, California pursuant to authorizations issued by the Federal Communications Commission (the "*Stations*"); and

WHEREAS, the Seller desires to sell, assign, transfer, convey and deliver to the Buyer all of the assets used and useful in operation of the Stations on the terms and subject to the conditions of this Agreement and subject to prior consent of the Federal Communications Commission; and

WHEREAS, the Buyer wishes to acquire from the Seller such assets, pursuant to and in accordance with the terms and conditions of this Agreement; and

WHEREAS, Salinas Holdings Partnership, a predecessor-in-interest of Seller and **Abel A. DeLuna**, a member of Buyer, have previously entered into a Letter of Intent dated **December 22, 2000** (the "*Letter of Intent*"), which Letter of Intent contemplates the execution of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, agreements and representations and warranties set forth herein, the parties agree as follows:

1. **Purchase and Sale of Acquired Assets.** Upon the terms and subject to the conditions set forth in this Agreement, and in reliance on the representations, warranties, covenants and agreements made in this Agreement and in the Disclosure Schedule hereto, the Seller hereby agrees to sell, assign, transfer, convey and deliver to the Buyer, and the Buyer hereby agrees to purchase, accept and take from the Seller at the Closing (as defined below), good and marketable title, free and clear from all liens, liabilities and encumbrances, to all real, personal, intangible and other assets, wherever located, related to, used or useful in the operation of the Stations (the "*Acquired Assets*"). The Acquired Assets include the following assets, but expressly exclude the Excluded Assets (as defined in Section 2 of this Agreement):

1.1 **Licenses.** The licenses, permits and other authorizations issued by the Federal Communications Commission (the "*FCC*") to Seller in connection with the conduct of the business and operations of the Stations, and any other licenses, permits and

other authorizations issued to Seller by any governmental authority and used in the conduct of the business and operations of the Stations (the “*Licenses*”), complete and accurate copies of all of such Licenses being attached hereto as Schedule 1.1;

1.2 **Personal Property.** All studio equipment, computer equipment, transmitter, antenna, equipment, office furniture and fixtures, office materials, supplies, inventory, spare parts and other tangible personal property of every kind and description, owned by Seller and used in the conduct of the business and operations of the Stations, whether located at the Stations’ transmitter site, studios and offices, or elsewhere, including, but not limited to, the items listed in Schedule 1.2 attached hereto;

1.3 **Contracts.** All of Seller’s rights under and interest in those certain contracts, agreements, real property leases (including tower, studio site, transmitter site(s), STL relay point at the Auburn Blvd. building and office lease agreements), personal property leases, Trade Agreements (defined as agreements for the sale of advertising or broadcast time on the Station for other than cash), network agreements, programming license agreements, commitments and understandings, options, rights and interests, written or oral, of Seller or to which Seller is a party, relating to the conduct of the business and operations of the Stations, all of which have been or will be assigned to Seller prior to the Closing Date pursuant to documentation provided to Buyer, as listed on Schedule 1.3 attached hereto (the “*Contracts*”);

1.4 **Programming Material.** All programs and programming material of whatever form or nature owned by Seller and used or intended for use in conjunction with the Stations;

1.5 **Real Estate.** All real property and improvements located thereon (including fixtures) relating to the Stations as described in Schedule 1.5 attached hereto (the “*Real Estate*”);

1.6 **Intellectual Property.** All of Seller’s rights in and to the trademarks, tradenames, service marks, copyrights, including registrations and applications for registration of any of them, jingles, logos, mascots, slogans, computer programs, call letters (including the call letters KZSA(FM) and KSQR(AM)), licenses, permits and privileges used in the conduct of the business and operations of the Stations, including, but not limited to, those listed in Schedule 1.6 attached hereto;

1.7 **Books and Records.** All files, records, books of account, computer programs and software and logs relating to and necessary or appropriate to the conduct of the business and operations of the Stations, including, without limitation, the local public files, programming information and studies, technical information and engineering data, news and advertising studies or consulting reports, marketing and demographic data, sales correspondence, lists of advertisers, promotional materials, credit and sales reports and

filings with the FCC, and executed copies (or originals where available) of all written Contracts to be assigned hereunder;

1.8 **Warranties.** All of Seller's rights under manufacturers and vendors' warranties relating to items included in the Acquired Assets and all similar rights against third parties relating to items included in the Acquired Assets; and

1.9 **Vehicles.** All vehicles owned, leased or held by Seller and used in the conduct of the business and operations of the Stations, including, but not limited to, those vehicles listed in Schedule 1.9 attached hereto.

2. **Excluded Assets.** The Seller shall retain ownership of the following assets (the "*Excluded Assets*"), which are expressly excluded from the Acquired Assets:

2.1 **Cash.** All cash, cash equivalents or similar type investments of Seller such as certificates of deposits, Treasury bills and other marketable securities on hand or in banks;

2.2 **Accounts Receivable.** All accounts receivable owed to the Seller as of the Closing, as listed on Schedule 2.2 attached hereto; and

2.3 **Other Assets.** Those assets of the Seller that the parties mutually agree shall not be acquired by the Buyer, as listed on Schedule 2.3 attached hereto.

3. **Purchase Price.** As consideration for the transfer of the Acquired Assets, and upon the terms and subject to the conditions set forth in this Agreement, the Buyer agrees to pay to the Seller an aggregate purchase price of FOUR MILLION FIVE HUNDRED THOUSAND DOLLARS (\$4,500,000.00) (the "*Purchase Price*"). ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000.00) of the Purchase Price shall be assigned to the purchase of KSQR(AM), and THREE MILLION DOLLARS (\$3,000,000) shall be assigned to the purchase of KZSA(FM). The Purchase Price shall be paid as follows:

3.1 **Deposit.** Contemporaneously with the execution of this Agreement, Buyer will deposit ONE HUNDRED THOUSAND DOLLARS (\$100,000.00) (the "*Deposit*") with First Liberty National Bank, as escrow agent, pursuant to the terms of an escrow agreement executed by the parties of even date herewith, which Deposit shall be paid to Seller on the Closing Date and credited towards the Purchase Price, with interest thereon paid to Buyer.

3.2 **Payment of Purchase Price.**

(a) At Closing, Buyer shall pay to Seller the sum of ONE MILLION DOLLARS (\$1,000,000.00). Buyer shall first direct Escrow Agent to release the Deposit to

Seller and all interest earned thereon to Buyer. Buyer shall then pay over to Seller by wire transfer of same day Federal funds, the sum of NINE HUNDRED THOUSAND DOLLARS (\$900,000), but further provided, in the event that only the KZSA(FM) Assets are conveyed at an initial Closing, then the cash payment at the Closing of the KZSA(FM) transaction shall be SIX HUNDRED SIXTY SEVEN THOUSAND (\$667,000), of which SIXTY SEVEN THOUSAND (\$67,000) shall be delivered from the Deposit, with the balance of such Deposit retained until the Closing of the KSQR(AM) transaction or termination of this Agreement with respect thereto.

(b) Buyer shall also deliver to Seller a Promissory Note (“Note”) in the principal amount of THREE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$3,500,000.00), or in the event that only KZSA(FM) Assets are conveyed at an initial closing, then said Note shall be in the principal amount of TWO MILLION THREE HUNDRED THIRTY THREE THOUSAND DOLLARS, with the additional sum of ONE MILLION ONE HUNDRED SIXTY SEVEN THOUSAND DOLLARS to be issued in a second Note at the Closing of the KSQR(AM) transaction. The Note shall be in the form of Schedule 3.2(i) hereto, and the indebtedness shall be secured by a lien on the Stations’ Assets (granted by Security Agreement in the form of Schedule 3.2(ii) and a personal guaranty of Abel De Luna in the form of Schedule 3.2 (iii)).

4. **Closing.**

(a) The closing of the transactions contemplated by this Agreement (the “**Closing**”) shall take place at the offices of Shaw Pittman or such other place mutually agreed upon in writing by the parties on a date that is no later than ten (10) days following the date that the FCC’s grant of the Assignment Application (as defined in Section 8.1, below) has become a Final Order (as defined below). The term “**Closing Date**” shall mean the date of the Closing. Exclusive possession of the Acquired Assets shall be delivered to the Buyer as of Closing.

(b) For purposes of this Agreement, “**Final Order**” shall mean an action by the FCC: (i) which has not been vacated, reversed, stayed, set aside, annulled or suspended, (ii) with respect to which no timely appeal, request for stay or petition for rehearing, reconsideration or review by any party or by the FCC on its own motion, is pending and (iii) as to which the time for filing any such appeal, request, petition, or similar document or for the reconsideration or review by the FCC on its own motion under the Communications Act of 1934 and the rules and regulations of the Commission, has expired. The closing of the transactions contemplated by this Agreement is expressly conditioned upon the grant by Final Order of the Assignment Application and compliance by the parties hereto with the conditions, if any, imposed by the FCC.

5. **Allocation of Purchase Price.** The Buyer and the Seller hereby agree that the respective fair market values of the Acquired Assets, along with the aggregate portion of the

Purchase Price to be paid by Buyer for the Acquired Assets, is agreed to and shall be allocated to the respective Acquired Assets for each Station as set forth in an allocation in a form to be agreed upon by the parties prior to the Closing (the "**Allocation**"). The Buyer and the Seller agree to file such Allocation with the Internal Revenue Service, if required by any regulations that may be promulgated under Section 1060 of the Internal Revenue Code of 1986, as amended, and to file any other statement or information that may be required pursuant to such regulations.

6. **Prorations.**

6.1. **Proration of Revenues and Expenses.** All revenues and expenses arising from the conduct of the business and operations of the Stations shall be prorated between Buyer and Seller in accordance with generally accepted accounting principles as of 12:01 a.m., local time, on the date immediately following the Closing Date. Such prorations shall include, without limitation, those arising under the Contracts, tower and other real property rentals, ad valorem, real estate and other property taxes (but excluding taxes arising by reason of the transfer of the Acquired Assets as contemplated hereby, which shall be paid as set forth in Section 17.1 of this Agreement), business and license fees, music and other license fees (including any retroactive adjustments thereof), applicable copyright or other fees, sales and service charges, utility expenses, rents and similar prepaid and deferred items and all other expenses attributable to the ownership and operation of the Stations prior to the Closing Date. Real estate taxes shall be apportioned on the basis of taxes assessed for the preceding year, with a reapportionment as soon as the new tax rate and valuation can be ascertained. Prorations under this Section 6.1 shall be determined and paid in accordance with the following paragraph. FCC annual regulatory fees shall not be prorated. They shall be paid by whoever is the licensee on the last day for timely payment of those fees.

6.2 **Proration Determination.** At the Closing, Seller and Buyer shall adjust the Purchase Price payable to Seller pursuant to Section 3 to account, to the extent then determinable, for the prorations as set forth above. Within sixty (60) days following the Closing Date, Seller shall receive from Buyer its good faith determination of the prorations as set forth above. Within ten (10) days of receipt of such determination, Seller shall either accept the prorations set forth therein or, in good faith, give Buyer a notice of disagreement. If Seller fails either to accept the prorations or to give Buyer a notice of disagreement within ten (10) days of receipt of the Buyer's determination, then Seller shall be deemed to have accepted such prorations. Seller's notice of disagreement shall specify in reasonable detail the nature and extent of Seller's good faith disagreement, and the parties shall have a period of thirty (30) days in which to resolve the disagreement. If the disagreement cannot be resolved in the 30-day period, then the dispute shall be submitted to a mutually acceptable accounting firm that has not previously represented either Seller or Buyer (the "**Accountant**") for resolution of the dispute, such resolution to be final. Buyer and Seller agree to share equally the cost and

expenses of the Accountant. All amounts owed pursuant to this Section 6.2 shall be paid within ten (10) business days of the resolution of the amount due.

7. **Assumption of Obligations.** Subject to the provisions of this Section 7 and Section 6, above, Buyer shall assume and undertake to pay, satisfy or discharge only the liabilities, obligations and commitments of Seller: (a) under the Contracts, including Trade Agreements, listed on Schedule 1.3 and (b) any other agreements or contracts entered into between the date hereof and the Closing Date which Buyer expressly agrees in writing to assume (which shall be deemed to be “Contracts” as defined in this Agreement), in each case only to the extent that such liabilities, obligations and commitments shall become due and performable on or after the Closing Date and relate to, or otherwise come into existence as a result of any act, event or omission that occurs during any period on or after the Closing Date. Except as set forth in this Section 7, Buyer expressly does not, and shall not, assume or be deemed to assume, under this Agreement or otherwise by reason of the transactions contemplated hereby, any other liabilities, obligations, claim, duty, lien, encumbrance or commitments of Seller of any nature whatsoever. Without limiting the generality of the foregoing, Buyer shall not assume or be liable for any liability or obligation of Seller arising out of any contract of employment, collective bargaining agreement, insurance, pension, retirement, deferred compensation, incentive bonus or profit sharing or employee benefit plan or trust, or any litigation, proceeding or claim by any person or entity relating to the business or operations of the Stations prior to the Closing Date, whether or not such litigation, proceeding or claim is pending, threatened or asserted before, on or after the Closing Date. The Seller agrees to perform all of the liabilities, obligations and commitments relating to the Stations and/or the Acquired Assets that are not assumed by the Buyer promptly in accordance with the terms of those obligations.

8. **Third Party Consents.**

8.1 **FCC Consent.** The assignment of the Licenses as contemplated by this Agreement is subject to the FCC having granted by Final Order the Assignment Application as described below.

(a) No later than ten (10) days after the execution of this Agreement, Buyer and Seller shall file an application with the FCC for transfer of the broadcasting license for Stations KZSA(FM) and KSQR(AM) (the “***Assignment Application***”). Seller and Buyer shall prosecute the Assignment Application with all reasonable diligence and otherwise use their reasonable best efforts to obtain the grant by Final Order of the Assignment Application as expeditiously as practicable. If the grant of the Assignment Application imposes any condition on any party hereto, such party shall use reasonable efforts to comply with such condition; provided, however, that no party shall be required hereunder to comply with any condition that would have a material adverse effect as determined by the party affected in the exercise of its reasonable judgment. If reconsideration or judicial review is sought with respect to the FCC’s grant of the Assignment

Application, the party affected shall oppose such efforts for reconsideration or judicial review vigorously; provided, however, that nothing herein shall be construed to limit either party's right to terminate this Agreement pursuant to the terms of this Agreement.

(b) If the FCC has not issued its Final Order within two hundred seventy (270) days after acceptance by the FCC of the Assignment Application, the Buyer or Seller, provided the terminating party is not then in default of this Agreement, may terminate this Agreement upon notice to the other party, it being the intent of the parties that the closing of the transactions contemplated by this Agreement is expressly conditioned upon the grant of the Assignment Application becoming a Final Order. In such case, the Deposit, plus all accrued interest thereon, shall be immediately returned to Buyer, provided the Buyer is not then in default of this Agreement.

8.2 **Third Party Consents.** The Seller shall use its best efforts to obtain all third party consents necessary to transfer or assign the Contracts to the Buyer. Buyer shall not be responsible for any fee or penalty payable in conjunction with transfer or, if not transferable, early termination of the Contracts.

9. **Representations, Warranties and Covenants of the Buyer.** The Buyer hereby represents, warrants and covenants to the Seller as follows:

9.1 **Status.** The Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of California. The Buyer has all requisite power and authority to own or lease its properties and assets and to conduct its businesses as they currently are being conducted.

9.2 **Authorization of Agreement.** The Buyer has full power and authority to execute, deliver and perform this Agreement and all other agreements and instruments entered into or delivered in connection with the transactions contemplated hereby. The execution, delivery and performance of this Agreement has been, and all other agreements and instruments entered into or delivered in connection with the transactions contemplated hereby have been, or prior to the Closing will have been, duly and validly authorized by all necessary action on the part of the Buyer.

9.3 **Binding Agreement.** This Agreement constitutes, and all other agreements and instruments entered into or delivered by Buyer in connection with the transactions contemplated hereby will constitute, the valid and binding obligations of the Buyer and are enforceable against the Buyer (or upon execution and delivery will be enforceable against the Buyer) in accordance with their respective terms.

9.4 **Consents.** There is, to the best of Buyer's knowledge, no consent or approval of any third party or governmental body (other than the FCC) required for the consummation by the Buyer of the transactions contemplated by this Agreement.

9.5 **Qualification.** To the best knowledge of Buyer, there are no facts which, under the Communications Act of 1934 as amended, or the existing rules and regulations of the FCC, would disqualify Buyer as an assignee of the Licenses. Buyer is and at Closing will be financially qualified, as the term is defined by the FCC to timely perform its obligations under this Agreement. Buyer will not fund the Purchase Price with borrowed money from third parties, other than as provided in Section 3.2(b).

10. **Covenants of Seller.** The Seller covenants and agrees with the Buyer as follows:

10.1 **Conduct of Business During Interim Period.** Seller covenants and agrees with respect to the Stations that between the date hereof and the Closing Date (the "*Interim Period*"), except as expressly permitted by this Agreement or the TBA or with the prior written consent of Buyer, Seller shall act in accordance with the following:

(a) Seller shall conduct the business and operations of the Stations in the ordinary and prudent course of business, consistent with past practices, and with the intent of preserving the Acquired Assets.

(b) Seller shall not: (i) sell or transfer any of the Acquired Assets, (ii) grant or agree to grant any general increases in the rates of salaries or compensation payable to employees of the Stations, (iii) grant or agree to grant any specific bonus or increase to any executive or management employee of the Stations or (iv) provide for any new pension, retirement or other employment benefits for employees of the Stations or any increase in any existing benefits.

(c) Seller shall use its best efforts to complete all obligations owing by Seller under Trade Agreements and shall not enter into any new Trade Agreements.

(d) Seller shall operate the Stations in all respects in accordance with FCC rules and regulations and the Licenses and with all other laws, regulations, rules and orders, and shall not cause or permit by any act, or failure to act, any of the Licenses to expire, be surrendered, adversely modified, or otherwise terminated, or the FCC to institute any proceedings for the suspension, revocation or adverse modification of any of the Licenses, or fail to prosecute with due diligence any pending applications to the FCC.

(e) Seller shall upon prior request give Buyer and Buyer's counsel, accountants, engineers and other representatives, full and reasonable access during

normal business hours to all of Seller's properties, books, contracts, reports and records, agreements and tangible assets relating to the Stations and to Seller's employees, and will furnish Buyer with all information that Buyer may reasonably request. The rights of Buyer under this Section 10.1(e) shall not be exercised in such a manner as to interfere unreasonably with the business of the Stations. Seller shall permit Buyer and Buyer's consulting engineers at Buyer's expense and at the mutual convenience of Buyer and Seller, to conduct engineering and other inspections.

(f) Seller shall not, nor will Seller permit any affiliate, officer, employee, attorney, accountant, financial advisor or other representative or agent of Seller, to negotiate with, solicit or engage in negotiations with, or provide any non-public information to, or otherwise cooperate with, any third party (other than Buyer) which seeks to or expresses an interest in acquiring all or any substantial part of the equity interests, business or assets of the Stations, or for the purpose of otherwise effecting a transaction inconsistent with the transactions contemplated by this Agreement. Furthermore, Seller will not enter into any agreement with or grant any option to any third party in connection with a transaction inconsistent with the transactions contemplated by this Agreement.

(g) Seller shall use its best efforts to preserve the operation of the Stations intact and to preserve the business of the Stations' customers, suppliers, and others having business relations with the Stations and continue to conduct financial operations of the Stations, including its credit and collection policies, with the same effort, and to the same extent and in the same manner, as in the prior conduct of the business of the Stations.

(h) Seller shall maintain in force and effect the existing insurance policies for the Stations and the Acquired Assets, or reasonably comparable insurance coverage until June 15, 2001, at which time Buyer shall acquire comparable insurance as Programmer under the TBA.

(i) Seller shall not enter into, renew, cancel or modify any Contract to be assumed by Buyer hereunder, except with respect to a lease or sublease at the KSQR(AM) tower site, provided that any such modification shall not be materially adverse to Buyer.

10.2 **Interim Period Events**. During the Interim Period, the Seller shall inform the Buyer of any material adverse change to the Acquired Assets. The Seller also shall inform the Buyer of any changes in its representations and warranties under this Agreement. In addition, Seller shall promptly notify Buyer if either of the Station's normal broadcast transmissions are interrupted, interfered with or in any way impaired for

more than 24 hours, which notice shall contain a reasonably detailed description of the problem and the measures being taken to correct such problem.

10.3 **Confidentiality**. The Seller shall, and shall cause its officers, counsel and other authorized representatives and affiliated parties to, hold in strict confidence, and not disclose to any other party, and not use to the detriment of the Buyer or in any way except in connection with the transactions contemplated hereby, without the prior written consent of the Buyer, all non-public information obtained from the Buyer that is clearly marked as “Confidential.”

11. **Covenants of Buyer**. The Buyer covenants and agrees with the Seller as follows:

11.1 **Interim Period**. The Buyer covenants and agrees with the Seller that during the Interim Period, the Buyer shall promptly inform the Seller if the Buyer becomes aware of any information or event that could delay or prevent the Closing. In addition, the Buyer shall inform the Seller of any changes in circumstances that could cause any of the Buyer’s representations and warranties under this Agreement to be inaccurate or incomplete.

11.2 **Confidentiality**. The Buyer shall, and shall cause its officers, counsel and other authorized representatives and affiliated parties to, hold in strict confidence, and not disclose to any other party, and not use to the detriment of the Seller or in any way except in connection with the transactions contemplated hereby, without the prior written consent of the Seller, all non-public information obtained from the Seller that is clearly marked as “Confidential.”

11.3 **No Control of Station**. Prior to the Closing Date, Buyer shall not, directly or indirectly, control, supervise or direct the operations of any of the Stations and such control, supervision and direction shall remain and shall be the sole responsibility of Seller.

11.4 **Insurance**. The Stations’ assets and operations are currently insured under comprehensive policies issued to Entravision Communications Corporation (“ECC”). Effective as of June 15, 2001 and continuing until the Closing Date, Buyer will be responsible for providing insurance coverage policies for the Stations’ assets and operations, including casualty, property, worker’s compensation, fire and liability coverage in such amounts as are customary in the radio broadcasting industry and reasonably satisfactory to Seller and ECC, including casualty and property coverage at least equal to the replacement value of the assets. Seller and ECC shall be named as additional insured parties under all such insurance policies. The insurance policies shall be underwritten by insurance companies licensed to do business in the state of California and reasonably satisfactory to Seller and ECC. The insurance policies shall require that the policies shall not be cancelled or the policy limits decreased without 30 days’ prior

written notice to Seller and ECC. Certificates evidencing such insurance policies shall be furnished to Seller and ECC no later than June 15, 2001 and, thereafter, upon the request of Seller and/or ECC.

This insurance coverage may be obtained pursuant to Buyer's role as Programmer under the Time Brokerage Agreement with respect to the Stations, and an appropriate adjustment to the monthly fee will be made to reimburse Buyer for the cost of insurance through the term of that Agreement. Seller will also be responsible for payment of a commercially reasonable deductible with respect to any claim under such policies.

12. **Conditions Precedent to the Obligations of the Buyer.** The obligations of the Buyer under this Agreement are subject to the fulfillment at the Closing on the Closing Date, of all of the conditions precedent set forth in this Section 12 and throughout this Agreement; provided, however, that any of such conditions may be waived by Buyer in writing at or prior to the Closing:

12.1 **Continued Truth of Representations and Warranties and Compliance with Covenants.** The representations and warranties of the Seller contained in the Disclosure Schedule shall be accurate and complete in all respects on and as of the Closing Date as though such representations and warranties were made on and as of the Closing Date, and Seller shall have performed and complied in all respects with all terms, conditions, covenants and agreements required by this Agreement to be performed or complied with by the Seller on or prior to the Closing Date.

12.2 **Governmental Consents and Governmental Licenses or Permits.** All governmental consents, licenses and permits necessary for consummation of the transactions contemplated by this Agreement and the Buyer's operation of the Acquired Assets (including the FCC's grant of the Assignment Application by Final Order and, if applicable, Department of Justice approval) shall have been obtained and delivered to the Buyer. Seller shall be the holder of the Licenses, and there shall not have been any modifications of such Licenses which have a material adverse effect on the Stations or the conduct of the business and operations of the Stations. No proceeding shall be pending which seeks or the effect of which reasonably could be to revoke, cancel, fail to renew, suspend or modify any of the Licenses.

12.3 **Contract Consents.** Duly-executed written consents, in form and substance satisfactory to the Buyer, for transfer of the material Contracts (as indicated by an asterisk on Schedule 1.3, except as set forth below with respect to the KSQR(AM) tower site lease shall have been obtained and delivered by the Seller to the Buyer.

12.4 **KSQR(AM) Tower Site Condition.** Buyer shall have received any one of the following:

(a) A written and executed consent to assignment of the current KSQR(AM) tower site lease from the landlord thereof, but including an express indemnification by Seller with respect to any and all damages, claims or objections related to the status of IHR Educational Broadcasting, a purported licensee at the KSQR(AM) tower site, raised by the landlord thereof;

(b) A written and executed lease for the KSQR(AM) tower site between Buyer and the landlord thereof acceptable to Buyer and Seller, but including in such lease or separately a written resolution and waiver of all damages, claims or objections by the landlord thereof related to the status of IHR Educational Broadcasting, to the reasonable satisfaction of Seller;

(c) Notice from Seller that the KSQR(AM) transaction will be consummated without written consent to assignment or a new lease from the landlord of the KSQR(AM) tower site, provided, that Seller shall expressly indemnify Buyer with respect to all damages, claims or objections by the landlord thereof related to landlord's refusal of consent to assignment, any other alleged breach by Seller with respect to the KSQR(AM) tower site lease, or the status of the IHR Educational Broadcasting, but further provided that, consistent with Section 15.4 hereof, Buyer may notify Seller that it is electing the Closing set forth in (d) below;

(d) Notice from Seller that only the KZSA(FM) transaction shall be consummated at an initial Closing, provided that Seller shall retain the right to a Closing of the KSQR(AM) at any time after an initial conveyance of the KZSA(FM) Acquired Assets on the terms set forth herein and in the provisions of Section 15.4 hereof; or

(e) Fee simple ownership of or a lease of real property comparable to the current KSQR(AM) tower site and lease with such property to serve as a new tower site for KSQR(AM), including installation of a suitable transmission tower, all on terms agreed between Buyer and Seller.

12.5 **Adverse Proceedings**. There shall be no action, lawsuit or proceeding filed and pending that would reasonably have a material adverse effect on the Acquired Assets. There shall be no unsatisfied or outstanding order, writ, judgment, injunction or decree or any litigation or proceeding filed or threatened that seeks to restrain, prohibit or invalidate the transaction contemplated by this Agreement.

12.6 **Instruments of Conveyance and Transfer**. Seller shall have delivered to Buyer all deeds, bills of sale, endorsements, assignments and other instruments of conveyance and transfer reasonably satisfactory in form and substance to counsel to Buyer, effecting the sale, transfer, assignment and conveyance of the Acquired Assets to Buyer, including, without limitation, the following:

- (a) bills of sale for all tangible and intangible personal property;
- (b) assignments of the Licenses;
- (c) assignments of all Contracts (including all leases and leasehold interests in real and personal property) to be assigned hereunder;
- (d) estoppel certificates from all landlords of Seller relating to all leased real property (except with respect to the KSQR(AM) tower site lease);
- (e) assignment and transfer of all books, records, logs and similar assets;
- (f) the Post Closing Indemnity Agreement; and
- (g) such other instruments, certificates, consents or documents as Buyer may reasonably request in connection with the transfer of any of the Acquired Assets to be transferred to Buyer hereunder or to satisfy Buyer that the conditions to Buyer's obligations hereunder have been satisfied.

13. **Conditions Precedent to the Obligations of the Seller.** The obligations of the Seller under this Agreement are subject to the fulfillment, at the Closing on the Closing Date, of all of the conditions precedent set forth in this Section 13 and throughout this Agreement; provided, however, that any of such conditions may be waived by Seller in writing at or prior to the Closing:

13.1 **Continued Truth of Representations and Warranties**. The representations and warranties of the Buyer contained in this Agreement shall be accurate and complete in all respects on and as of the Closing Date as though such representations and warranties were made on and as of the Closing Date, and the Buyer shall have performed and complied in all respects with all terms, conditions, covenants and agreements required by this Agreement to be performed or complied with by the Buyer on or prior to the Closing Date.

13.2 **Approvals and Consents**. All necessary consents, authorizations and approvals of third parties and of governmental agencies referenced under any applicable law, rule, order or regulation for the consummation of the transactions contemplated by this Agreement shall have been obtained, including the FCC Final Order.

13.3 **Delivery of Schedules and Other Materials**. The Buyer shall have delivered to the Seller all of the agreements, transfer and assumption documents, specifically including without limitation, the cash portion of the Purchase Price, the Note, the Security Agreement, the Guaranty of Abel DeLuna, the Post Closing Indemnity

Agreement, and every other document required to be executed and delivered by Buyer pursuant to this Agreement or that Seller may reasonably request in connection therewith.

13.4 **KSQR(AM) Tower Site Lease Condition.** Consent to assignment shall have been obtained from the landlord of the KSQR(AM) tower site property, or Buyer shall have entered into a new lease with respect to the property in form and substance reasonably acceptable to Seller, but further provided, that Seller, in its sole discretion, may determine that the damages, claims or objections of the landlord of the KSQR(AM) tower site are such that Seller will not provide any indemnity with respect thereto, in which event, Buyer may either accept the KSQR(AM) tower site lease without indemnity from Seller, or the initial Closing of the conveyance of KZSA(FM) Acquired Assets shall occur, as otherwise set forth herein, and the KSQR(AM) Acquired Assets may be conveyed to Buyer at a later date, as set forth in the provisions of Section 15.4 hereof.

14. **Employees.** The Seller shall terminate all of its employees at the Stations as of the Closing and shall pay any and all wages, salaries, bonuses, severance and other payments to which any of Seller's employees are entitled as of the Closing Date. The Buyer shall not assume any pre-closing liabilities with respect to such employees. All obligations, if any, under the Worker Adjustment and Retraining Notification Act (the "*WARN Act*") as to the termination of any of the Seller's employees employed by the Seller prior to the Closing Date shall be the sole responsibility of the Seller. Buyer shall have the right, but not the obligation, to hire any of the employees that Seller terminates. In such case, Buyer shall be liable for all wages, salaries and payments related to such hired employees which accrue from and after the Closing Date.

15. **Termination.**

15.1 **Termination by Either Party.** Without prejudice to other rights and remedies available to it, either party hereto may, at its option, terminate this Agreement at any time prior to the Closing by giving notice thereof to the other party:

(a) if a Final Order has not been issued within two hundred seventy (270) days following acceptance by the FCC of the Assignment Application; or

(b) if a bona fide legal action or proceeding is pending or threatened against such party as of the date of such notice of termination, and an unfavorable judgment, decree or order in such action or proceeding would prevent or make unlawful the consummation of the transactions contemplated by this Agreement;
or

(c) if the FCC denies the Assignment Application or designates it for a trial-type hearing;

(d) by mutual written consent of the parties; or

(e) if the Closing has not occurred within two (2) years after the date hereof.

The termination of this Agreement under this Section 15.1 shall not relieve any party of any liability for breach of this Agreement prior to the date of termination.

15.2 **Termination by the Seller.** The Seller may, at its option, terminate this Agreement at any time prior to the Closing, by giving notice thereof to the Buyer, upon the occurrence of any of the following events:

(a) the Buyer breaches any of its obligations under this Agreement, and such breach remains uncured for thirty (30) calendar days after the Buyer has received notice from the Seller of such breach; or

(b) any representation or warranty made by the Buyer in this Agreement shall prove to have been incorrect, incomplete or misleading in any material respect at the time it was made.

IF SELLER TERMINATES THIS AGREEMENT PURSUANT TO THE TERMS OF THIS SECTION 15.2, THEN SELLER SHALL BE ENTITLED TO KEEP THE DEPOSIT AS LIQUIDATED DAMAGES. BUYER AND SELLER AGREE THAT BASED UPON THE CIRCUMSTANCES NOW EXISTING, KNOWN AND UNKNOWN, IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO ESTABLISH SELLER'S DAMAGE BY REASON OF BUYER'S DEFAULT. ACCORDINGLY, BUYER AND SELLER AGREE THAT IT WOULD BE REASONABLE AT SUCH TIME TO AWARD SELLER "LIQUIDATED DAMAGES" EQUAL TO THE DEPOSIT. SELLER AND BUYER ACKNOWLEDGE AND AGREE THAT THE APPLICABLE FOREGOING AMOUNTS OF LIQUIDATED DAMAGES ARE REASONABLE AS LIQUIDATED DAMAGES AND SHALL BE SELLER'S SOLE AND EXCLUSIVE REMEDY IN LIEU OF ANY OTHER RELIEF, RIGHT OR REMEDY, AT LAW OR IN EQUITY, TO WHICH SELLER MIGHT OTHERWISE BE ENTITLED BY REASON OF BUYER'S DEFAULT.

15.3 **Termination by the Buyer.** Without prejudice to other rights and remedies available to it, the Buyer may, at its option, terminate this Agreement prior to Closing, by giving notice thereof to the Seller, upon the occurrence of any of the following events:

(a) the Seller breaches any of its obligations under this Agreement, and such breach remains uncured for thirty (30) calendar days after Seller has received notice from the Buyer of such breach; or

(b) any representation or warranty made by Seller in the Disclosure Schedule attached to this Agreement shall prove to have been incorrect, incomplete or misleading in any material respect at the time it was made; or

(c) as provided in Section 17.2 hereof.

If Buyer terminates this Agreement pursuant to the terms of this Section 15.3, then the Deposit, together with all interest accrued thereon, shall be immediately returned to Buyer. In addition, Seller recognizes that, in the event Seller fails or refuses to perform the provisions of this Agreement, monetary damages alone will not be adequate. Buyer shall, therefore, be entitled in such event, in addition to bringing suit at law or equity for money or other damages, to obtain specific performance of the terms of this Agreement. In any action to enforce the provisions of this Agreement, Seller shall waive the defense that there is an adequate remedy at law or equity and Seller agrees that Buyer shall have the right to obtain specific performance of the terms of this Agreement without being required to prove actual damages, post bond or furnish other security.

15.4 **Special Initial Closing and Termination Provision.** Buyer and Seller acknowledge that the landlord of the KSQR(AM) tower site property has, as of the date hereof, refused to consent to the assignment of the KSQR(AM) tower site lease from Seller to Buyer and has raised various claims and objections related to such consent and to the purported licensee status of IHR Educational Broadcasting at the KSQR(AM) tower site. Seller shall use commercially reasonable efforts, including, at its sole election, litigation against such landlord, to resolve such issues to the extent required under Section 12 and 13 hereof. Buyer and Seller each covenant that, in the event Seller is unable to resolve such issues with the landlord to each party's reasonable satisfaction, either party may notify the other party that only the KZSA(FM) conveyance shall occur at an initial Closing upon satisfaction of the conditions set forth in Section 12 and 13 hereof with respect to the KZSA(FM) Acquired Assets, provided, that this Agreement shall remain in full force and effect for an additional period of two years after such initial Closing conveying the KZSA(FM) Acquired Assets, during which period Seller shall continue to exercise commercially reasonable efforts to resolve issues with the landlord to Seller's reasonable satisfaction. Among other things, Buyer and Seller may investigate the feasibility of relocation and determine to relocate the KSQR(AM) tower site on terms mutually acceptable to Buyer and Seller. In the event that the Closing of the conveyance of the KSQR(AM) Acquired Assets has not occurred within the two year period set forth above, then upon the second anniversary of the Closing of the conveyance of the KZSA(FM) Acquired Assets, this Agreement shall be terminated, the Time Brokerage Agreement shall terminate, and the Escrow Deposit and all interest thereon shall be returned to Buyer.

16. **Waiver of Liability with Respect to the Trustee.** Buyer and Seller acknowledge that the Trustee has assumed the duties of Trustee as an accommodation to Seller and for

nominal compensation. In recognition thereof, notwithstanding any other provision of this Agreement or any statute or principal of common law, the parties hereto agree that they will not assert any claim for damages, costs or expenses or file any action of any kind or nature that might otherwise arise from any breach of a representation, warranty, covenant or other obligation contained in this Agreement, any exhibit or schedule hereto, or contained in any document executed in connection with this Agreement (collectively, "Transaction Documents"), or any other cause arising from this Agreement or any Transaction Document or a party's performance thereof (a "Claim"), against the Trustee, whether in his capacity as Trustee of Seller or individually or in any personal capacity, and whether during the time that the Trustee acts as Trustee or at any time thereafter. Any Claim to be asserted by Buyer hereunder shall be asserted solely against the Seller. Buyer and Seller each hereby indemnify, defend and hold harmless the Trustee from any costs, fees or expenses, including reasonable attorney's fees, arising from a breach of the covenants contained herein. In addition, Seller has informed Buyer that it contemplates replacing Mr. Charles Giddens ("Giddens") as Trustee of Seller before the Closing, and Buyer and Seller expressly agree that, upon replacement of Giddens as Trustee of the Seller, Giddens will be relieved of all obligations of any kind or nature for or with respect to the Seller, the Agreement or the Transaction Documents.

17. **Miscellaneous Provisions.**

17.1 **Fees and Expenses.** Except as expressly set forth in this Agreement, each of the parties will bear its own expenses in connection with the negotiation and the consummation of the transactions contemplated by this Agreement; provided, however, that all transfer, sales or use taxes or similar charges resulting from the transfer of the Acquired Assets contemplated hereby shall be borne by Seller, and the filing fees with respect to the Assignment Application will be shared equally by Buyer and Seller. The services of a broker were not utilized in this transaction, so there are no broker or commission fees to be paid by either Buyer or Seller.

17.2 **Risk of Loss.** The risk of loss or damage to any of the Acquired Assets prior to the Closing Date shall be upon Seller, but subject to the provisions of Section 11.4 hereof pursuant to which Buyer shall have obtained insurance for the Acquired Assets with Buyer as an insured party. Seller shall repair, replace and restore any such damaged or lost Acquired Asset to its prior condition as soon as possible and in no event later than the Closing Date. Except as provided below, if Seller fails to restore or replace an Acquired Asset, Buyer may elect either to terminate this Agreement pursuant to Section 15.3 hereof or to consummate the Closing on the Closing Date. If Seller fails to restore or replace such Acquired Asset, and Buyer does not elect to terminate this Agreement, Seller shall assign to Buyer at Closing Seller's rights under any insurance policy or pay over to Buyer all proceeds of insurance covering such Acquired Assets, damage, destruction or loss. If the restoration and replacement of any damaged or destroyed property has not been completed at the time the Closing would otherwise be held, then unless Seller and Buyer otherwise agree, the Closing Date shall be delayed and

shall take place within fifteen (15) days after Seller gives written notice to Buyer of completion of the restoration or replacement of such Acquired Asset. If the delay in the Closing Date under this Section 17.2 would cause the Closing to fall at any time after the period permitted by the FCC, Seller and Buyer shall file an appropriate request with the FCC for an extension of time within which to complete the Closing.

17.3 **Further Assurances.** After the Closing, Seller shall from time to time, at the request of Buyer and without further cost or expense to Buyer, execute and deliver such other instruments of conveyance and transfer and take such other actions as may be reasonably requested in order to more effectively consummate the transactions contemplated hereby to vest in Buyer good and marketable title to the assets being transferred hereunder (including, without limitation, assistance in the collection or reduction to possession of any such assets).

17.4 **Entire Agreement.** This Agreement and the schedules and exhibits hereto embody the entire agreement and understanding of the parties hereto and supersedes any and all prior agreements, arrangements and understandings relating to the matters provided for herein. No amendment, waiver of compliance with any provision or condition hereof or consent pursuant to this Agreement shall be effective unless evidenced by an instrument in writing signed by the party against whom enforcement of any waiver, amendment, change, extension or discharge is sought.

17.5 **Headings.** The headings set forth in this Agreement are for convenience only and will not control or affect the meaning or construction of the provisions of this Agreement.

17.6 **Notices.** Any notice, demand or request required or permitted to be given under the provisions of this Agreement shall be in writing and shall be deemed to have been duly delivered and received (if sent in like manner to all persons entitled to receive a copy) (a) on the date of personal delivery, or (b) on the date of receipt, if mailed by registered or certified mail, postage prepaid and return receipt requested, or (c) on the date of a stamped receipt, if sent by an overnight delivery service, to the following addresses, or to such other addresses as any party may request, in the case of Seller, by notifying Buyer and in the case of Buyer, by notifying Seller:

To Seller:

Z-Spanish II Trust

Copy to:

David D. Oxenford, Jr., Esq.
Shaw Pittman
2300 N Street, N.W.
Washington, D. C. 20037

To Buyer:

Moon Broadcasting Sacramento, LLC
1200 W. Venice Blvd.
Los Angeles, CA 90006
Attention: Abel A. DeLuna

Copy to:

17.7 **Governing Law.** The construction and performance of this Agreement shall be governed by the laws of the State of California, applicable to agreements made and to be performed in the State of California, without regard to its principles of conflicts of law.

17.8 **Counterparts.** This Agreement may be executed in one or more counterparts, each of which will be deemed in original and all of which together will constitute one and the same instrument.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date herein first above-written.

MOON BROADCASTING SACRAMENTO, LLC

By _____

Name: Abel A. DeLuna

Title: President

THE Z SPANISH II TRUST

By _____

Name:

Title:

Disclosure Schedules
to
Asset Purchase and Sale Agreement
by and between
Moon Broadcasting Sacramento, LLC
(Buyer)

and

Z Spanish II Trust
(Seller)

for
Radio Stations KSQR(AM), Sacramento, California
and
KZSA(FM), Placerville, California

Dated as of July ___, 2001

Schedule D-1
Required Consents

1. KSQR(AM) Transmitter Site Lease Agreement, dated as of September 1, 1988, as amended on March 3, 1998, by and between The Dellar Family Trust, Sylvia Dellar, Trustee, as landlord, and KZSA Broadcasting, Inc., but subject to the provisions of Section 12, 13 and 15 of the Purchase Agreement.
2. KZSA(FM) Transmitter Site Lease Agreement, dated as of March 16, 1998, as amended on June 11, 1993, by and between Alys Phreanor, individually, as landlord, and KZSA Broadcasting, Inc.*
3. Maintenance Agreement by and between Inland Business Machines, Inc. and Z Spanish Radio Network, Inc.
4. Lease Agreement dated as of April 28, 2000, by and between Neopost Leasing, as lessor, and KZSA Broadcasting, Inc., as lessee
5. KSQR(AM)/KZSA(FM) Studio Lease, dated June 1, 1999, by and among Amador and Rosalie Bustos, as lessor, and KHZZ Broadcasting, Inc., as lessee

Schedule D-2
Legal Proceedings and Labor Disputes

None

DISCLOSURE SCHEDULE

The following representations and warranties shall, on or before the Closing Date, provide Buyer the right set forth in Section 15.3 of the Agreement if any such representation or warranty is not true and complete in any material respect as of the date hereof, and shall be certified by Seller to Buyer on the Closing Date as further set forth in Section 12.5(g) of the Agreement and Section 1 of the Post Closing Indemnity Agreement. All capitalized terms not defined herein shall have the meanings ascribed to them in the Agreement.

1.1 Corporate Status. Seller is a trust duly organized and validly existing under the laws of the State of California. Seller has all requisite power and authority to own or lease the Acquired Assets and to carry on its business and the operation of the Stations as it currently is conducted. Seller is duly qualified to do business and is in good standing in such other jurisdictions, if any, where the nature of the Acquired Assets would require such qualification.

1.2 Authorization of Agreement. Seller has full power and authority to execute, deliver and perform the Agreement and all other agreements and instruments entered into or delivered in connection with the transactions contemplated thereby. The execution, delivery and performance of the Agreement has been, and all other agreements and instruments entered into or delivered in connection with the transactions contemplated thereby have been, or prior to the Closing will have been, duly and validly authorized by all necessary action of Seller.

1.3 No Conflict. The execution, delivery and performance of the Agreement do not violate: (a) any provision of the trust agreement of Seller; (b) any provision of, or result in any default under, any mortgage, lien, lease, contract, instrument, order or other judgment, or decision to which Seller is a party or by which the Acquired Assets are bound; or (c) any law applicable to Seller.

1.4 Binding Agreement. The Agreement constitutes, and all other agreements and instruments entered into or delivered in connection with the transactions contemplated thereby will constitute, the valid and binding obligations of Seller and are enforceable against Seller (or upon execution and delivery will be enforceable against Seller), in accordance with their respective terms.

1.5 Governmental Authorizations. Seller is the legal holder of the FCC Licenses for Stations KZSA(FM) and KSQR(AM) as listed in Schedule 1.1 hereto. Seller has delivered to Buyer true and complete copies of the Licenses, including any and all amendments and other modifications thereto. All material reports, forms and statements required to be filed by Seller with the FCC with respect to the Stations have been timely filed and are substantially complete and accurate. The public files for the Stations are current and have been maintained in accordance with the rules and regulations of the FCC. To the best knowledge of Seller, there are no facts which would disqualify Seller as assignor of the Licenses under the Communications Act of 1934, as amended, or the rules and regulations of the FCC. There are no pending, or to Seller's knowledge, threatened proceedings which could result in the revocation, modification or nonrenewal of any of the Licenses.

1.6 Title to, Interest in and Condition of the Acquired Assets.

(a) The Seller has and will deliver to Buyer good and marketable title to all of the Acquired Assets, free and clear of any liens, security interests, charges, claims and encumbrances of any nature whatsoever.

- (b) The Acquired Assets comprise all of the assets, properties and rights of every type and description used by the Seller in conjunction with the current operation of the Stations. No affiliate of Seller or related entity owns any asset used in conjunction with, or necessary to the operation of the Station.
- (c) As of the date of this Agreement, the Acquired Assets are in good working condition and maintained in accordance with the standards of good engineering practice. Buyer has inspected the Acquired Assets and understands that they will be conveyed at Closing on an “as is, where is” basis

1.7 Contracts. Each Contract is in full force and effect and Seller has neither breached any provision thereof nor is in default thereunder, and, to Seller’s knowledge, there does not exist any event or condition which, with notice or lapse of time, or both, would constitute a default under any Contract.

1.8 Intellectual Property. Schedule 1.6 lists all copyrights, trademarks, tradenames, patents, service marks, permits, jingles, logos, mascots, slogans, computer programs, call letters, licenses, permits and privileges and other similar intangible property rights and interests applied for, issued to or owned by Seller, or under which Seller is licensed or franchised, and used in the conduct of the business and operation of the Stations, all of which rights and interests are issued to or owned by Seller, or if licensed or franchised to Seller, are valid and in good standing and uncontested.

1.9 Personnel Information. Seller is not a party to any contract with any labor organization, nor has Seller agreed to recognize any union or other collective bargaining unit at the Stations, nor has any union or other collective bargaining unit been certified as representing any employees of the Stations. Seller has no knowledge of any organizational effort currently being made or threatened by or on behalf of any labor union with respect to the employees of the Stations. Seller has not experienced any strikes, work stoppages, grievance proceedings, claims of unfair labor practices filed or threatened to be filed or other significant labor difficulties of any nature at the Stations, nor are there any material controversies pending or threatened between Seller and any employees of the Stations.

1.10 Employee Benefit Plans. Seller currently maintains one or more workers’ compensation policies providing coverage for the employees of the Stations. Seller maintains no other employee benefit plan or arrangement applicable to the employees employed at the Stations and possesses no other fixed or contingent liabilities or obligations with respect to any person now employed at the Stations. Seller shall be responsible for coverage of the employees of the Stations under any such policy through June 15, 2001.

1.11 No Undisclosed Liabilities. There are no liabilities with respect to the Acquired Assets, other than: (a) the liabilities retained by Buyer under the Agreement, and (b) the liabilities and obligations incurred during the Interim Period in the ordinary course of business of the Seller.

1.12 Consents. Except for those consents listed on Schedule D-1 hereto, there is no consent or approval of any third party or governmental body required for the consummation by the Seller of the transactions contemplated by this Agreement.

1.13 Legal Proceedings; Labor Dispute. Other than as described on Schedule D-2 attached hereto, there are no suits, actions, condemnation actions, claims, administrative, arbitral or other proceedings or governmental investigations (collectively, “*Litigation*”) pending or threatened against or affecting the Stations or any of the Acquired Assets nor is Seller subject to any writ, judgment, award, decree or order of any court or governmental authority that would affect the Acquired Assets. There is no Litigation pending or threatened against or affecting the Seller that could adversely affect or prevent the consummation of the transactions contemplated

hereby, nor is Seller subject to any order of any court or governmental entity that could adversely affect or prevent consummation of the transactions contemplated hereby.

1.14 Licensure and Compliance with Laws. The Seller has: (a) complied and is complying with all laws applicable to the operation of the Acquired Assets, and (b) obtained all governmental licenses and permits necessary for the operation of the Acquired Assets. Seller has not received notice of, nor is Seller in default under or in breach or violation of, any statute, law, ordinance, decree, order, rule or regulation, or the provisions of any franchise, license or permit, including the Licenses, with respect to the Acquired Assets or the Stations,. The execution, delivery and performance of the Agreement by the Seller, and the consummation of the transactions contemplated thereby, will not result in any such default or violation or in the creation of any lien, charge or encumbrance upon any of the Acquired Assets. No person or party (including, without limitation, governmental agencies of any kind) has made any claim which is presently outstanding, nor is there any basis for any action or proceeding against the Seller arising out of any federal, state or local statute, ordinance or regulation relating to discrimination in employment or employment practices or occupational safety and health standards.

1.15 Environmental Matters. To the best of Seller's knowledge, there are no hazardous substances, in, on or under the Real Estate that are in a condition or location that violates any applicable laws or that has required or would require remediation under applicable laws or give rise to a claim for damages or compensation by any affected person or that would cause any material loss, cost, liability or expense in connection with any violation of any applicable law, any order of any governmental entity or any claim by any private or public person arising out of any exposure of any person or property to any hazardous substance.

1.16 Payment of Taxes. Seller has duly and timely filed all federal, state, local or foreign income, franchise, sales, use, property, excise, payroll, FICA, withholding and other tax returns and forms required to be filed, and has timely paid in full or discharged or will pay in full or discharge as of the Closing all taxes, assessments, excises, interest, penalties, deficiencies and levies required to be paid and pertaining to the Acquired Assets to be transferred hereunder.

1.17 Real Property.

(a) Schedule 1.5 includes a complete and accurate list of all of the real estate owned, leased, held or used by the Seller with respect to the Acquired Assets (all of which is included in the definition of "**Real Estate**"). The activities carried on in all buildings, the Stations, facilities, installations, fixtures and other structures or improvements included as part of the Real Estate, and the buildings, Stations, facilities, installations, fixtures and other structures or improvements themselves, are not in violation of, or in conflict with, any building or use restriction, any variance, any applicable zoning, subdivision or health law regulation or ordinance, any variance, or any other similar law or ordinance or regulation. The Seller has delivered to the Buyer true and complete copies of the most recent title insurance policies and surveys (if any) for the Real Estate together with copies of all reports (if any) prepared preceding the date hereof, of any engineers, environmental consultants or other consultants specifically relating to any of the Real Estate.

(b) There is no pending or, to Seller's knowledge, threatened or proposed proceeding or governmental action to modify the zoning classification of, or to condemn or take by the power of eminent domain (or to purchase in lieu thereof), or to classify as a landmark, or to impose special assessments on, or otherwise to take or restrict in any way the right to use, develop or alter, all or any part of the Real Estate.

1.18 Accuracy of Statements. Neither the Agreement nor any Schedule, exhibit, statement, list, document, certificate or other information furnished or to be furnished by or on behalf of the Seller to the Buyer or

any representative of the Buyer in connection with the Agreement or any of the transactions contemplated hereby contains or will contain any untrue statement of a material fact.

POST CLOSING INDEMNITY AGREEMENT

This Post-Closing Indemnity Agreement is made as of _____, 200_ by and between The Z Spanish II Trust (“Seller”) and Moon Broadcasting Sacramento, LLC (“Buyer”), and is executed and delivered pursuant to the provisions of Section 12.5(g) and Section 13.3 of the Asset Purchase and Sale Agreement by and between Seller and Buyer dated July __, 2001 (the “Purchase Agreement”) on the Closing Date as contemplated therein. The parties hereto acknowledge and agree that adequate consideration for this Agreement is provided by the mutual premises, covenants, payments, deliveries and other performances contemplated by the Purchase Agreement. All capitalized terms used but not defined herein shall have the same meanings ascribed to them in the Purchase Agreement.

1. **Continued Truth of Representations and Warranties and Compliance with Covenants.** Seller hereby certifies that the representations and warranties of the Seller contained in the Disclosure Schedule to the Purchase Agreement are accurate and complete in all material respects on and as of the Closing Date as though such representations and warranties were made on and as of the Closing Date, and that Seller has performed and complied in all material respects with all terms, conditions, covenants and agreements required by the Purchase Agreement to be performed or complied with by the Seller on or prior to the Closing Date.

2. **Continued Truth of Representations and Warranties.** Buyer hereby certifies that the representations and warranties of the Buyer contained in the Purchase Agreement are accurate and complete in all material respects on and as of the Closing Date as though such representations and warranties were made on and as of the Closing Date, and that the Buyer has performed and complied in all material respects with all terms, conditions, covenants and agreements required by the Purchase Agreement to be performed or complied with by the Buyer on or prior to the Closing Date.

3. **Assumption of Obligations.** Subject to the provisions hereof and of the Purchase Agreement, Buyer hereby assumes and undertakes to pay, satisfy or discharge only the liabilities, obligations and commitments of Seller: (a) under the Contracts, including Trade Agreements, listed on Schedule 1.3, and (b) under any other agreements or contracts entered into between the date of the Purchase Agreement and the Closing Date which Buyer has expressly agreed in writing to assume, in each case only to the extent that such liabilities, obligations and commitments shall become due and performable on or after the Closing Date and relate to, or otherwise come into existence as a result of any act, event or omission that occurs during any period on or after the Closing Date. Except as set forth herein, Buyer expressly does not, and shall not, assume or be deemed to assume, under this Agreement, under the Purchase Agreement or otherwise by reason of the transactions contemplated hereby, or by the Purchase Agreement, any other liabilities, obligations, claim, duty, lien, encumbrance or commitments of Seller of any nature whatsoever. Without limiting the generality of the foregoing, Buyer does not assume and is not liable for any liability or obligation of Seller arising out of any contract of employment, collective bargaining agreement, insurance, pension, retirement, deferred compensation, incentive bonus or profit sharing or employee benefit plan or trust, or any litigation, proceeding

or claim by any person or entity relating to the business or operations of the Stations prior to the Closing Date, whether or not such litigation, proceeding or claim is pending, threatened or asserted before, on or after the Closing Date. The Seller agrees to perform all of the liabilities, obligations and commitments relating to the Stations and/or the Acquired Assets that are not assumed by the Buyer promptly in accordance with the terms of those obligations.

4. **Indemnification of Buyer.** Seller shall indemnify, defend and hold Buyer, its members, officers, affiliates, successors and assigns, harmless from and against any claim, liability, loss, damage, judgment or expense (including without limitation reasonable attorneys' fees) of any kind or nature arising out of or attributable to: (i) any inaccuracy in any representation or breach or failure of any warranty, covenant or agreement of Seller contained herein, in the Purchase Agreement, or in the Disclosure Schedule, or (ii) any failure by Seller to perform or observe, or to have performed or observed, any agreement or condition to be performed or observed by Seller hereunder or in the Purchase Agreement, or (iii) any event, condition or occurrence prior to the Closing Date or related to operation of the Stations prior to the Closing Date provided, however, that no claim hereunder shall be made by Buyer against Seller unless the aggregate amount of such claims exceeds \$20,000 (in which event all such claims may be asserted) and further provided that the maximum aggregate liability of Seller for any and all claims by Buyer shall not exceed \$500,000.

5. **Indemnification of Seller.** Buyer shall indemnify, defend and hold the Seller, its partners, officers, affiliates, successors and assigns, harmless from and against any claim, liability, loss, damage, judgment or expense (including without limitation reasonable attorneys' fees) of any kind or nature arising out of or attributable to: (i) any inaccuracy in any representation or breach or failure of any warranty, covenant or agreement of the Buyer contained herein or in the Purchase Agreement, or (ii) any failure by the Buyer to perform or observe, or to have performed or observed, any agreement or condition to be performed or observed by Buyer under this Agreement or in the Purchase Agreement, (iii) any event, condition or occurrence following the Closing Date or related to operation of the Stations following the Closing Date, provided, however that no claim hereunder shall be made by Seller against Buyer unless the aggregate amount of such claims exceeds \$20,000 (in which event all such claims may be asserted) and further provided that the maximum aggregate liability of Seller for any and all claims by Seller shall not exceed \$500,000.

6. **Survival of Representations, Warranties, and Covenants.** The representations, warranties, covenants and indemnities of the Buyer and the Seller contained in this Agreement and the Purchase Agreement shall survive and be enforceable for eighteen (18) months after the Closing Date.

7. **Relationship to Purchase Agreement.** This Agreement is intended by the parties as an expression of certain obligations contemplated by the Purchase Agreement but shall not be deemed to have amended, modified or superseded the Purchase Agreement except to the extent expressly set forth herein. This Agreement shall therefore be construed to be consistent with and subject to the provisions of the Purchase Agreement unless otherwise expressly set forth herein.

MOONBROADCASTING SACRAMENTO, LLC

By _____

Name: Abel A. DeLuna

Title: President

THE Z SPANISH II TRUST

By _____

Name:

Title: