

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the "Agreement") dated as of _____, 2001 by and between Brian M. Encke("Seller") and Hi-Line Radio Fellowship, Inc. ("Buyer"), a Montana nonprofit corporation.

RECITALS:

1. Seller is the permittee of FM radio Station Channel 258 (99.5 MHz), Colstrip, Montana, and holds the authorizations issued by the Federal Communications Commission (the "FCC") for the operation of the station.

2. Buyer desires to acquire some of the assets of the Seller, and Seller is willing to convey such assets to Buyer, subject to the terms and conditions set forth in this Agreement.

3. The purchase and sale contemplated herein is subject to approval by the FCC.

NOW THEREFORE, in consideration of the mutual covenants contained herein, Seller and Buyer hereby agree as follows:

ARTICLE I

TERMINOLOGY

1.1 Act. The Communications Act of 1934, as amended.

1.2 Closing Date. The date determined as the Closing Date as provided in Section 7.1.

1.3 FCC. Federal Communications Commission.

1.4 FCC Licenses. The authorizations of the FCC for the operation of the Station as listed in Schedule 2.1(a).

1.5 FCC Order. An order or decisions of the FCC granting its consent to the assignment of the FCC Licenses to Buyer.

1.6 Final Action or Final Order. An action of the FCC that has not been reversed, stayed, enjoined, set aside, annulled or suspended, and with respect to which no timely petition for reconsideration or administrative or judicial appeal has been filed and as to which the time for filing any such petition or appeal (administrative or judicial) or for the taking of any sua sponte action of the FCC has expired.

1.7 Station. FM radio station Channel 258 (99.5 MHz), Colstrip, Montana.

ARTICLE II

PURCHASE AND SALE OF ASSETS

2.1 Transfer of Assets. On the terms and conditions here set forth, at the Closing, Seller shall sell, assign, transfer, and convey to Buyer, and Buyer shall purchase and acquire from Seller, the assets described below, free and clear of all liens (except as hereinafter expressly permitted).

(a) FCC Licenses. All FCC permits necessary to operate the Station as set forth in Schedule 2.1(a).

2.2 Excluded Assets. The following are expressly excluded from the Station assets to be purchased and sold:

- (a) Cash on hand as of the Closing Date;
- (b) Deposit accounts as of the Closing Date;
- (c) All other assets not specifically included.

2.3 No Assumption of Liabilities. Buyer shall assume no liabilities or obligations of Seller, including, without limitation, accounts payable, debts, liabilities, and other obligations, whether pursuant to a contract or otherwise, except as otherwise specifically provided in this Agreement.

2.4 Escrow Deposit. **Five Thousand Dollars (\$5,000)** in cash, as earnest money ("Earnest Money Deposit") is to be paid simultaneously with the execution of this Asset Purchase Agreement pursuant to an Escrow Agreement in the form attached as Schedule 2.4. The Buyer shall be entitled to all accrued interest earned on the Earnest Money Deposit until the Closing Date, except on the default of Buyer in which event Seller shall be entitled to the Earnest Money Deposit and interest earned thereon as liquidated damages. In the event said Earnest Money Deposit is not timely made, Seller may at his option terminate this Agreement.

2.5 Purchase Price and Terms of Payment. The purchase price (the "Purchase Price") to be paid by Buyer to Seller shall be **Fifty Two Thousand Dollars (\$52,000)** payable as follows:

(a) **Forty Seven Thousand Dollars (\$47,000)** by wire transfer or certified check delivered on the Closing Date.

(b) **Five Thousand Dollars (\$5,000)** Earnest Money Deposit to be released from escrow and paid to Seller.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

3.1 Seller has made and makes no representation, inducement, affirmation, or warranty whatsoever with regard to the Station.

3.2 Buyer represents and warrants to Seller as follows:

(a) Organization, Standing and Authority. Buyer is a duly organized, validly existing, and in good standing under the laws of the State of Montana. Buyer has all requisite power and authority to execute and deliver this Agreement and the documents contemplated hereby, and to perform and comply with all of the terms, covenants, and conditions to be performed and complied with by Buyer hereunder and thereunder.

(b) Authorization and Binding Obligation. The execution, delivery and performance of this Agreement by Buyer have been duly authorized by all necessary action on the part of Buyer. This Agreement has been duly executed and delivered by Buyer and constitutes the legal, valid, and binding obligation of Buyer, enforceable against Buyer in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium or similar laws in effect from time to time affecting creditors' fights generally, or by principles governing the availability of equitable remedies.

(c) Absence of Conflicting Agreements. The execution, delivery, and performance of this Agreement and the documents contemplated hereby (with, or without the giving of notice, the lapse of time, or both): (i) does not require the consent of any third party; (ii) will not conflict with the governing documents of Buyer; (iii) will not conflict with, result in a breach of, or constitute a default under, or accelerate or permit the acceleration of any performance required by the terms of, any material agreement, instrument, licenses, or permit to which Buyer is a party or by which Buyer may be bound.

(d) FCC Qualification. Buyer has no knowledge of any facts which would, under present law (including the Communications Act of 1934, as amended) and present rules, regulations and practices of the FCC, disqualify Buyer as an assignee of the licenses, permits and authorizations listed on Schedule 2.1(a) hereto. Buyer further represents and warrants that it is financially qualified to meet all terms, conditions and undertakings contemplated by this Agreement.

ARTICLE IV

OTHER COVENANTS

4.1 Governmental Consents. Seller and Buyer shall file with the FCC within five (5) business days after the execution of this Agreement such application and other documents in the name

of Seller or Buyer, as appropriate, as may be necessary or advisable to obtain the FCC Order. Seller and Buyer shall take all commercially reasonable steps necessary to prosecute such filings with diligence and shall diligently oppose any objections to, appeals from or petitions to reconsider such approval of the FCC, to the end that the FCC Order and a Final Action with respect thereto may be obtained as soon as practicable. Seller shall not knowingly take, nor knowingly permit the Seller to take, and Buyer covenants that neither Buyer nor any shareholder, officer or director of Buyer shall knowingly take, any action that such party knows or has reason to know would materially and adversely affect or materially delay issuance of the FCC Order or materially and adversely affect or materially delay its becoming a Final Action unless such action is requested or required by the FCC or its staff. Should Buyer or Seller become aware of any facts not disclosed which could reasonably be expected to materially and adversely affect or materially delay issuance of the FCC Order or delay its becoming a Final Action, such party shall promptly notify the other party thereof in writing.

4.2 Reasonable Efforts. Subject to the terms and conditions of this Agreement, each of the parties hereto will use its reasonable efforts to take all action and to do all things necessary, proper or advisable to satisfy any condition to the parties' obligations hereunder in its power to satisfy and to consummate and make effective as soon as practicable the transactions contemplated by this Agreement.

ARTICLE V

CONDITIONS PRECEDENT TO THE OBLIGATIONS OF BUYER TO CLOSE

Buyer's obligation to close the transaction contemplated by this Agreement is subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions, unless waived by Buyer in writing:

5.1 Performance of Agreement. Seller shall have performed in all material respects all of its obligations required by this Agreement to be performed or complied with by it prior to or upon the Closing Date.

5.2 FCC and Other Consents. The FCC Order shall have been issued by the FCC and shall have become a Final Action under the rules of the FCC and applicable law without a material adverse condition affecting Buyer.

5.3 Delivery of Closing Documents. Seller shall have delivered or caused to be delivered to Buyer on the Closing Date each of the documents required to be delivered pursuant to Section 7.2.

ARTICLE VI

CONDITIONS PRECEDENT TO THE OBLIGATION OF SELLER TO CLOSE

The obligation of Seller to close the transaction contemplated by this Agreement is subject to the satisfaction, on or prior to the Closing Date, or each of the following conditions, unless waived by Seller in writing:

6.1 Accuracy of Representations. The representations of Buyer contained in this Agreement shall be complete and correct in all material respects on the date hereof and at the Closing Date with the same effect as though made at such time, except for changes that are not materially adverse to Seller.

6.2 Performance of Agreements. Buyer shall have performed in all material respects all of its covenants, agreements and obligations required by this Agreement or referenced by this Agreement to be performed or complied with by it prior to or upon the Closing Date.

6.3 FCC and Other Consents. The FCC Order shall have been issued by the FCC and shall have become a Final Action under the rules of the FCC and applicable law without a material adverse condition affecting Seller.

6.4 No Adverse Proceedings. No suit, action or governmental proceeding shall be pending against, and no order, decree or judgment of any court, agency or other governmental authority shall have been rendered against, Seller that would make it unlawful for Seller to consummate the transactions contemplated by this Agreement in accordance with the terms hereof.

ARTICLE VII

CLOSING

7.1 Time and Place.

(a) The Closing shall take place at a place mutually agreed upon by Buyer and Seller on the date (the "Closing Date") that is the latter of:

- (i) the fifth business day after the FCC Order becomes a Final Action, or
- (ii) the date as soon as practicable following satisfaction or waiver of the conditions precedent hereunder to Closing.

7.2 Seller's Performance. At the Closing hereunder the Seller will:

- (a) License Assignments. Deliver to Buyer on assignment of the construction permit and authorizations transferring the same to Buyer in customary form and substance;
- (b) Additional Documents. Deliver to Buyer such other documents as counsel for Buyer may reasonably request for the purpose of consummating the transactions described herein.

7.3 Deliveries to Seller by Buyer. At the Closing, Buyer shall deliver or cause to be delivered to Seller the following, in each case in form and substance reasonably satisfactory to Seller:

- (a) The Purchase Price as provided in Section 2.5.

(b) Certificate. Certificate of the President of Buyer that all necessary corporate actions and approvals by Buyer have been obtained to enter into and consummate this Agreement and that all warranties and representations of Buyer are true as of the date of Closing.

ARTICLE VIII

TERMINATION; LIQUIDATED DAMAGES

8.1 Termination. This Agreement may be terminated any time prior to the Closing Date (except as otherwise provided below):

(a) With the mutual consent of Buyer and Seller;

(b) By either party, if by September 1, 2001, the Closing is not consummated;

(c) By Seller, if there has been a material misrepresentation or breach of warranty by Buyer, a material breach of Buyer's covenants, or failure by Buyer to perform its obligations hereunder and the same has not been cured within thirty (30) days after notice thereof. In the event of any termination pursuant to this Section 8.1(c), written notice setting forth the reasons therefor shall be given by Seller to Buyer;

(d) By Buyer if there has been a material breach of covenants or failure to perform Seller's obligations hereunder and the same has not been cured within thirty (30) days after notice thereof. In the event of any termination pursuant to this Section 8.1(d), written notice setting forth the reasons therefor shall be given by Buyer to Seller;

(e) Notwithstanding anything herein to the contrary, the right to terminate this Agreement under paragraphs (b), (c) or (d) of this Section 8.1 shall not be available to any party if such party is in breach of any covenant or of its obligations under this Agreement or has been the cause of, or resulted in, the failure of the Closing to occur on or before such date.

8.2 Effect of Termination. In the event of the termination of this Agreement by Seller pursuant to Section 8.1(c) hereof, the Escrow Deposit and any interest earned thereon shall be paid to Seller as liquidated damages. In the event of the termination of this Agreement for any reason other than as provided in the preceding sentence, the Escrow Deposit shall be returned to Buyer, together with any and all interest earned thereon. In the event that the Closing takes place, the Escrow Deposit shall be paid to Seller as a portion of the Purchase Price in accordance with Section 2.5. Any interest earned shall be paid to Buyer. Seller and Buyer shall deliver to the Escrow Agent joint written instructions directing the Escrow Agent to pay the Escrow Deposit in accordance with this Section 8.2.

ARTICLE IX

9.1 Further Actions. From time to time before, at and after the Closing, each party, at its expense and without further consideration, will execute and deliver such documents to the other party as the other party may reasonably request in order to more effectively consummate the transactions contemplated hereby.

9.2 Payment of Expenses.

(a) Any fees assessed by the FCC in connection with the filing contemplated by this Agreement or consummation of the transactions contemplated hereby shall be paid 50 percent by Buyer and 50 percent by Seller.

(b) All state or local sales or use, stamp or transfer, grant and other similar taxes payable in connection with consummation of the transactions contemplated hereby shall be paid by the party primarily liable under applicable law to pay such tax.

(c) Except as otherwise expressly provided in this Agreement, each of the parties shall bear its own expenses, including the fees of any attorneys and accountants engaged by such

party, in connection with this Agreement and the consummation of the transactions contemplated herein.

9.3 Notices. All notices, demands or other communications given hereunder shall be in writing and shall be sufficiently given if delivered by courier (including overnight delivery service) or sent by registered or certified mail, first class, postage prepaid, and by facsimile addressed as follows:

If to Seller: Mr. Brian M. Encke
4601 Twin Peaks Drive
Loveland, CO 80537
FAX: (307) 632-0340

With a copy to: A. Wray Fitch III
Gammon & Grange, P.C.
8280 Greensboro Drive, 7th Floor
McLean, VA 22102
FAX: (703) 761-5023

If to Buyer: Roger Lonnquist
Hi-Line Radio Fellowship, Inc.
P.O. Box 2426
Havre, MT 59501
FAX: (406) 265-8860

With a copy to: _____

FAX: (____) _____-

or such other address with respect to any party hereto as such party may from time to time notify (as provided above) to the other party hereto. Any such notice, demand or communication shall be deemed to have been given if personally delivered or otherwise sent as provided above, on the date received.

9.4 Entire Agreement. This Agreement, the Schedules and Exhibits hereto, and the other Documents constitute the entire agreement and understanding between the parties hereto with respect

to the subject matter hereof and supersede any prior negotiations, agreements, understandings or arrangements between the parties hereto with respect to the subject matter hereof.

9.5 Binding Effect; Benefits. Except as otherwise provided herein, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors or assigns. Except to the extent specified herein, nothing in this Agreement, express or implied, shall confer on any person other than the parties hereto and their respective successors or assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement.

9.6 Governing Law. This Agreement shall in all respects be governed by and construed in accordance with the laws of the State of Montana, including all matters of construction, validity and performance, without regard to its principles of conflicts of laws.

9.7 Amendments and Waivers. No term or provision of this Agreement may be amended, waived, discharged or terminated orally but only by an instrument in writing signed by the party against whom the enforcement of such amendment, waiver, discharge or termination is sought. Any waiver shall be effective only in accordance with its express terms and conditions.

9.8 Severability. Any provision of this Agreement which is unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such unenforceability without invalidating the remaining provisions hereof, any such unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the parties hereto hereby waive any provision of law now or hereafter in effect which renders any provision hereof unenforceable in any respect.

9.9 Headings. The captions in this Agreement are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

9.10 Counterparts. This Agreement may be executed in any number of counterparts, and by either party on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

9.11 Attorneys' Fees. If either Seller or Buyer brings suit against the other in connection with this Agreement, the prevailing party shall be entitled to receive from the other party reasonable attorneys' fees and other costs and expenses incurred by such party in connection with such suit regardless of whether such suit is prosecuted to judgment. As used herein, "prevailing party" shall mean, in the case of a claimant, one who is successful in obtaining substantially all of the relief sought, and in the case of a defendant or respondent, one who is successful in denying substantially all of the relief sought by the claimant.

9.12 Assignment. The rights and interest of Buyer may not be assigned to any entity without the prior express written consent of Seller.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as of the date first written above.

SELLER:

BRIAN M. ENCKE

Attest

By_____

BUYER:

HI-LINE RADIO FELLOWSHIP, INC.

Attest

By_____
Name: _____
Title: _____