

## **ASSET PURCHASE AGREEMENT**

This **ASSET PURCHASE AGREEMENT** (the “Agreement”) is entered into as of this 2nd day of July, 2020 (the “Effective Date”), by and between **FLINN BROADCASTING CORPORATION**, a Tennessee corporation (“Flinn Broadcasting”), **BROADCASTING FOR THE CHALLENGED, INC.**, a Tennessee corporation (“BCI”), **GEORGE S. FLINN, JR.**, an individual residing at Memphis, Tennessee (“Flinn” and together with Flinn Broadcasting and BCI, “Seller”) and **EDUCATIONAL MEDIA FOUNDATION**, a California non-profit religious corporation (“Buyer”)(Seller and Buyer are each a “Party” and, collectively, the “Parties”).

### **RECITALS**

**WHEREAS**, Seller is the licensee of the following FM radio broadcast stations (collectively, the “Stations”) pursuant to certain authorizations issued by the Federal Communications Commission (the “FCC”):

WQJB(FM), State College, Mississippi (Facility ID Number 84434);  
WKGF(FM), Channel 267A, Grenada, Mississippi ( Facility ID Number 87534);  
WKIF(FM), Holly Springs, Mississippi (Facility ID Number 171031);  
WKFF(FM), Sardis, Mississippi (Facility ID Number 89397);  
WBZS(FM), Shawsville, Virginia (Facility ID Number 89133);  
WKWR(FM), Key West, Florida (Facility ID Number 90274);  
WXRA(FM), Inglis, Florida (Facility ID Number 164174);  
KWLR(FM), Bigelow, Arkansas (Facility ID Number 23849); and  
KLSK(FM), Great Falls, Montana (Facility ID Number 87644)

**WHEREAS**, Seller owns or leases other assets used in connection with the transmission facilities used in the operation of the Stations and owns a tower, shelter and land at Dermott, AR (“Dermott Tower Site Assets”);

**WHEREAS**, on the terms and conditions described herein, Seller desires to sell, and Buyer desires to purchase, the Assets (defined below) used in connection with the operation of the Stations and the Dermott Tower Site Assets, except for the Excluded Assets (defined below);

**NOW, THEREFORE**, taking the foregoing into account, and in consideration of the mutual covenants and agreements set forth herein, the sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound, hereby agree to the following terms and conditions:

### **ARTICLE 1: SALE AND PURCHASE**

**1.1 Assets.** On the terms and subject to the conditions hereof, at Closing (defined below), except for the Excluded Assets (defined below), Seller shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase, acquire and assume from Seller, all right, title and interest of Seller in and to the following real, personal, tangible, intangible assets and properties

of Seller that are used or held for use in the operation of the Stations and the Dermott Tower Site Assets (the “Assets”):

(a) **Licenses and Authorizations**. All licenses, authorizations, permits, applications and approvals issued to or pending with respect to the Stations by (i) the FCC (the “FCC Authorizations”), including Seller’s rights in the call letters of the Stations; and (ii) the Federal Aviation Administration (“FAA”); and (iii) any other permits, registrations, licenses, variances, exemptions, orders and approvals of all federal, state or local governmental authorities held by Sellers in connection with Stations’ transmitter sites and the Dermott Tower Site Assets (collectively, the “Transmitter Sites”) (collectively, the “Licenses”), including those described on Schedule 1.1(a), including any renewals or modifications thereof between the date hereof and Closing.

(b) **Tangible Personal Property**. The following tangible personal property (collectively, the “Tangible Personal Property”):

(i) The towers and improvements (“Towers”) used for multi-user broadcast and/or wireless communications tower facilities listed on Schedule 1.1(b)(i) together with all tower foundations, equipment shelters, detuning equipment, generators, Tower grounding systems, waveguides, light monitoring systems, security systems or alarms, power protection, utilities, fences, landscaping and other related improvements in Seller has an ownership interest and which is located on or appurtenant to the Towers (collectively the “Tower Facilities”); provided, however, that the Tower Facilities shall not include any equipment cabinets, shelters, generators, and broadcast related equipment, used, held for use or occupied by any third party; and

(ii) all equipment, transmitters, antennas, cables, furniture, fixtures, spare parts and other tangible personal property of every kind and description that are located at or relating to the Transmitter Sites that are used or held for use in the operation of the Stations, including every item of tangible property described on Schedule 1.1(b)(ii), and any additions and improvements thereto prior to the Closing Date, except for any retirements or dispositions thereof made between the date hereof and the Closing Date in the ordinary course of business and consistent with the terms of this Agreement.

(c) **Real Property**. The parcels of real property to which Seller has a fee simple interest (“Owned Real Property”) or a leasehold interest (each a “Real Property Lease”) comprising the Transmitter Sites (including any appurtenant easements and improvements located thereon), each of which is listed and described on Schedule 1.1(c) (collectively the “Real Property”) and together with any and all easements for ingress, egress and utilities for the foregoing.

(d) **Contracts**. All leases, subleases, licenses and other agreements which grant others (a “Collocator”) a right to use, lease, sublease, license or sublicense, or occupy a portion of any Tower or Tower Facilities, that are listed and described on Schedule 1.1(d) (collectively, the “Assumed Contracts”);

(e) **Files and Records**. The Stations’ public inspection files, filings with the FCC relating to the Stations and the Dermott Tower Site Assets, and such other environmental

reports, title insurance policies, technical information, engineering data, books and records that primarily relate to the other Assets being conveyed hereunder.

(f) **Claims**. Any and all claims and rights against third parties if and to the extent that they relate to the Assets, including, without limitation, all rights under manufacturer and vendor warranties.

**1.2 Excluded Assets**. The following shall be excluded from the Assets and retained by Seller (collectively, the “Excluded Assets”):

(a) **Cash**. All cash, cash equivalents or similar investments such as certificates of deposit, treasury bills and other marketable securities on hand and/or in banks and deposits of Seller.

(b) **Accounts Receivable**. All accounts receivable of Seller arising from the operation of the Stations prior to Closing which are outstanding and uncollected as of such Closing (collectively, the “Accounts Receivable”).

(c) **Insurance**. Any insurance policies, intercompany accounts, promissory notes, amounts due from employees, bonds, letters of credit, or other similar items; any cash surrender value in regard thereto of Seller; and any proceeds from insurance claims made by Seller relating to property or equipment included in Assets that have been repaired, replaced or restored by Seller prior to Closing Date.

(d) **Benefit Plans**. Any pension, profit-sharing or cash or deferred (Section 401(k)) plans and trusts and assets thereof, or any other employee benefit plan or arrangement, and the assets thereof.

(e) **Tax Refunds**. Any interest in and to any refunds of federal, state or local franchise, income or other taxes of Seller for taxes incurred and actually paid by Seller prior to Closing.

(f) **Books and Records**. All the financial records, account books and general ledgers, and all corporate records (including organizational documents) of Seller, including tax returns and transfer books.

(g) **Corporate and Studio Assets**. All corporate assets of Seller as well as all equipment and other assets used or held for use to operate Seller’s broadcast studios for the Stations, including any assets listed on Schedule 1.2(g) hereof.

(h) **Contracts**. Any contracts or agreements not listed on Schedule 1.2(c) or Schedule 1.1(d) and all ASCAP, BMI, SESAC and GMR licenses.

(i) **Intellectual Property**. Any and all intellectual property included in Seller’s programming on the Stations, including, without limitation, all right, title, and interest in and to the copyrights, service marks, trademarks, trade names, slogans, logos, brands, domain names of and all other proprietary rights, whether registered or not, and used with respect to, such programming, and all derivatives thereof, along with all goodwill associated therewith.

(j) **Rights and Claims.** All rights and claims related to the Retained Obligations.

(k) **Excluded Third Party Assets.** Any asset owned by a Collocator and used or held for use in connection with the operation of the Collocator's business at any Tower Facility.

**1.3 Liabilities.** The Assets shall be transferred by Seller to Buyer free and clear of all debts, security interests, mortgages, trusts, claims, pledges, and other liens, liabilities and encumbrances of every kind and nature ("Liens"), other than for taxes not yet due and payable, Liens that will be discharged prior to or at Closing, Buyer's obligations to perform on and after the Closing Date the obligations arising under the Assumed Contracts and Real Property Leases and other Assets, and with respect to Owned Real Property, such easements, rights of way, building and use restrictions and other exceptions now of record that do not materially impair the use, in the ordinary course of business, of the Transmitter Sites (collectively, "Permitted Liens"). Buyer shall assume and undertake to pay, discharge and perform all obligations and liabilities relating to the Assumed Contracts, Real Property Leases and other Assets arising or occurring after Closing ("Assumed Liabilities"). Buyer shall not assume (i) any obligations or liabilities under the Assumed Contracts, Real Property Leases or other Assets relating to the period prior to Closing; (ii) any obligations or liabilities of Seller which are unrelated to the Assets; (iii) any obligations or liabilities relating to employees of Seller; (iv) any obligations or liabilities relating to the Excluded Assets; (v) any federal, state or local franchise, income or other taxes of Seller; or (vi) any other obligations or liabilities of Seller, including obligations or liabilities arising from Seller's failure to obtain any required license, permit, or other authorization to conduct the operation of the Stations and the Dermott Tower Site Assets prior to Closing (collectively, the "Retained Obligations").

#### **1.4 Purchase Price; Escrow; Payment.**

(a) **Purchase Price.**

(i) The purchase price to be paid for the Assets (subject to adjustments and prorations agreed to by the Parties in the Agreement) will be an amount equal to Three Million, Four Hundred Thousand Dollars and 00/100 Cents (\$3,400,000.00) (the "Purchase Price").

(ii) The Purchase Price shall be subject to the adjustments described in Section 1.4(d) below. Seller and the Buyer agree to use the Purchase Price as the basis for the filing of all returns and reports concerning the transaction contemplated herein, including all federal, state, and local tax returns.

(b) **Escrow Deposit.** On or before the third (3<sup>rd</sup>) business day following the Effective Date, Buyer will deposit One Hundred and Seventy Thousand and 00/100 Cents (\$170,000.00) (the "Escrow Deposit") into an escrow account maintained by Branch Bank and Trust, as escrow agent (the "Escrow Agent"), pursuant to the terms of an Escrow Agreement substantially in the form attached hereto as Exhibit A (the "Escrow Agreement"). The Escrow Deposit will be held in an interest-bearing account and will be disbursed by the Escrow Agent in accordance with the Escrow Agreement. Seller and Buyer shall equally share all fees, costs, and expenses charged by the Escrow Agent pursuant to the Escrow Agreement. The delivery of the

Escrow Deposit to Escrow Agent in a timely manner is a condition-precedent to the effectiveness of this Agreement and a failure to timely deliver Escrow Deposit renders this Agreement null and void.

(c) **Payment at Closing.** At Closing, (i) the Parties shall cause the Escrow Deposit to be paid to Seller, and all interest accrued on the Escrow Deposit to be paid to Buyer, pursuant to the terms of the Escrow Agreement and (ii) Buyer shall pay the remainder of the Purchase Price, subject to any adjustments agreed to by the Parties under Section 1.4(d) hereto. All payments to Seller or to Buyer shall be made by wire transfer of immediately available funds to an account designated by the Party receiving payment, or at such Party's option, by certified check of immediately available funds.

(d) **Adjustment.** Subject to Section 1.1(g)(i), all rental and other payments under Real Property Leases and Assumed Contracts assumed by Buyer, real property and tangible personal property taxes, utility bills and other ongoing costs of usual operation of the Transmitter Sites shall be prorated in accordance with generally accepted accounting principles (GAAP) as of 11:59 p.m. PT on the Closing Date ("Effective Time"), and an adjustment to the Purchase Price shall be made as set forth in this subsection to reflect the principle that all income due to Seller from any Assumed Contract and expenses attributable to the operation of the Transmitter Sites before the Effective Time shall be for the account of Seller, and all income due to Seller from any Assumed Contract and expenses attributable to the operation of the Transmitter Sites on or after the Closing Date shall be for the account of Buyer. For purposes of making the adjustments pursuant to this Section, at least five (5) days prior to Closing, Seller shall prepare and deliver a list to Buyer with the anticipated prorations required for Closing ("Adjustment List"). The Adjustment List shall set forth each prorated expense item and include the net adjustment ("Adjustment") to be made to the Purchase Price as a result thereof. Within sixty (60) days following the Closing Date, Buyer shall prepare and deliver a revised Adjustment List ("Revised Adjustment List") revising any items on the original Adjustment List to determine if additional Adjustments are required. If a further Adjustment is required and such amount is for the benefit of Seller, then Buyer shall promptly pay the further Adjustment amount to Seller. If the further Adjustment is required and such amount is for the benefit of Buyer, then Seller shall promptly pay the further Adjustment amount to Buyer. In the event that the Parties disagree with the Adjustment List or Revised Adjustment List or with any other matter arising out of this subsection ("Contested Matter"), and Buyer and Seller cannot resolve the dispute themselves within sixty (60) days, Buyer and Seller will refer the matters under dispute to an independent certified public accounting firm mutually agreeable to Buyer and Seller, whose decision shall be final and whose fees and expenses with respect to each such matter shall be allocated to each Party based upon the percentage which the portion of the Contested Matter not awarded to each Party bears to the amount actually contested by such Party. If, on the Closing Date, the current personal property tax bill with respect to any Transmitter Site is not available, the amount of real property and personal property taxes will be apportioned based on the current year's millage and the current year's assessment. If the current year's millage is not fixed and the current year's assessment is available, taxes will be apportioned based on such assessment and the prior year's millage. If the current year's assessment is not available, then real property taxes and personal property taxes will be apportioned on the prior year's tax. Any apportionment of taxes based upon any figures other than a final tax bill will, at the request of either Seller or Buyer, be subsequently reapportioned based upon receipt of the final tax bill for the current year. Notwithstanding the foregoing, Buyer shall not be required to pay

any portion any real property or personal property tax bill with respect to any Transmitter Site for which Buyer would otherwise be exempt as a result of its status of an educational non-profit corporation.

(e) **Allocation**. Buyer and Seller shall allocate the Purchase Price among the Assets in accordance with an allocation schedule prepared in compliance with the requirements of Section 1060 of the Internal Revenue Code of 1986, as amended (and any similar provisions of state, local, or foreign law, as appropriate). Buyer and Seller shall each use the allocation they deem appropriate and consistent with fair market value and prepare and file their own IRS Form 8594 to submit with their income tax returns.

## **ARTICLE 2: FCC CONSENT; CLOSING**

### **2.1 FCC Consent; Assignment Application; Non-Commercial Application**

(a) **FCC Application**. Seller and Buyer shall execute, file, and diligently prosecute the appropriate application(s) to the FCC (the “Assignment Applications”) requesting the FCC’s consent ( “FCC Consent”) to the assignment from Seller to Buyer of the FCC Authorizations pertaining to the Stations. The Assignment Applications shall be filed not later than ten (10) business days after the date of the execution of this Agreement. Buyer shall reimburse Seller for one-half of the FCC filing fees paid in connection with the Assignment Applications. Buyer and Seller shall be responsible for all of its other costs with respect to the preparation, filing and prosecution of the Assignment Applications; *provided, however*, that neither Buyer nor Seller shall be required to pay consideration to any third party to obtain FCC Consent. Buyer and Seller shall cooperate in good faith to diligently prosecute the Assignment Application and otherwise use their commercially reasonable best efforts to obtain the FCC Consent as soon as possible; *provided, however*, that neither Party shall be required to appear at any trial-type hearing or to participate in a judicial appeal. Buyer and Seller shall oppose any petitions to deny or other objection filed with respect to an Assignment Application to the extent such petition or objection relates to such Party. Neither Buyer nor Seller shall take any intentional action that would, or intentionally fail to take such action the failure of which to take would, reasonably be expected to have the effect of preventing or materially delaying the receipt of FCC Consent. Buyer and Seller shall (i) keep each other informed in all material respects and on a reasonably timely basis of any material communication received by such Party from, or given by such Party to, the FCC with respect to this Agreement, the Stations and the Dermott Tower Site Assets, the Assignment Application, or the transaction contemplated hereby; (ii) notify each other of all documents filed with or received from the FCC with respect to this Agreement, the Stations and the Dermott Tower Site Assets, the Assignment Applications, or the transaction contemplated hereby, and provide each other with copies of all such documents; (iii) furnish each other with such information and assistance as the other may reasonably request in connection with their preparation of the Assignment Applications; and (iv) cooperate in all respects with each other in connection with this Agreement, the Stations and the Dermott Tower Site Assets, the Assignment Applications, or the transaction contemplated hereby and in connection with any investigation or other inquiry by or before the FCC related to the foregoing. Buyer and Seller shall have the right to review in advance, and to the extent practicable each will consult with the other on, all information relating to the other Party that appears in any filing made with, or written materials submitted to, the FCC with respect to this Agreement, the Stations and the Dermott Tower Site

Assets, the Assignment Applications, or the transaction contemplated hereby. Seller and Buyer agree to cooperate to the extent necessary to obtain the FCC's extension of the effectiveness of the FCC Consent as may be required.

(b) **Non-Commercial Application.** Seller agrees to reasonably cooperate with Buyer in connection with the filing of applications by Buyer to modify the FCC Authorizations for the Stations as a non-commercial facility ("Non-Commercial Applications") to be effective on or after the Closing Date, so long as any such Non-Commercial Application is filed on a basis that is contingent and effective only upon a prior Closing and does not adversely affect any operations of Seller. The grant of the Non-Commercial Applications shall not be a condition to Closing hereunder. The Non-Commercial Applications shall be made and prosecution thereof shall be conducted solely at Buyer's expense. Seller will provide a written statement to Buyer authorizing the filing of the Non-Commercial Applications as required by FCC rules.

**2.2 Closing.** The consummation of the transaction contemplated in this Agreement (referred to herein as the "Closing") shall occur on a date on a date fixed by the Parties (the "Closing Date"), which such date shall be no later than ten (10) days following the date on which the FCC Consent shall have been granted and become a Final Order (defined below) and the other conditions to closing set forth in Articles 8 and 9 have either been waived or satisfied. For purposes of this Agreement, "Final Order" means an order or approval by the FCC (a) that has not been reversed, stayed, enjoined, set aside, annulled, or suspended, (b) that has received no timely requests for stay, petition for rehearing, petition for reconsideration, application for review, or notice of appeal is pending by the FCC or any court, and (c) as to which the times for filing any such request, petition, application, notice, or appeal, or for reconsideration or review (by the FCC on its own motion or any other party), shall have expired. The Closing shall be held at the offices of Buyer's counsel or by exchange of documents via email, or as Seller and Buyer may agree.

**2.3 Closing Before Final Order.** In the event Closing occurs before the FCC Consent shall have become a Final Order, then Seller and Buyer will enter into an unwind agreement ("Unwind Agreement") at Closing which will provide among other things that: If the FCC withdraws the FCC Consent (the "FCC Denial") prior to the time that the FCC Consent becomes a Final Order, Seller and Buyer shall cooperate fully and in good faith to make such arrangements as shall be reasonable under then-prevailing circumstances to fully comply with all FCC requirements and restore each Party, to the greatest extent practicable, to the status quo ante prior to the Closing, including having Buyer return the Assets to Seller and having Seller return the Purchase Price to Buyer in readily available federal funds.

### **ARTICLE 3: REPRESENTATIONS AND WARRANTIES OF SELLER**

Seller makes the representations and warranties set forth below to Buyer. As a material inducement for Buyer to enter into this Agreement, Seller represents and warrants as of the Effective Date as follows:

**3.1 Organization and Authorization.** Each Seller entity is duly organized, validly existing, and in good standing under the laws of Tennessee and is qualified to do business in the state in which the Stations and the Dermott Tower Site Assets are located. Each Seller has the

power and authority to execute and deliver this Agreement and to consummate the transaction contemplated hereby (with respect to such consummation, subject to the satisfaction of the conditions set forth herein). Seller has the power to carry on its business as it is now conducted and as proposed to be conducted. The execution and delivery of this Agreement and the consummation of the transaction contemplated hereby on Seller's part have been duly and validly authorized by each Seller, and no other proceedings on the part of Seller are necessary to authorize the execution and delivery of, or the performance of Seller's obligations under this Agreement, or to consummate the transactions contemplated hereby (with respect to such consummation, subject to the satisfaction of the conditions set forth herein). This Agreement has been duly and validly executed and delivered by Seller. This Agreement constitutes the legal, valid, and binding obligation of Seller enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, or other laws affecting generally the enforcement of creditors' rights or the application of principles of equity.

**3.2 No Defaults.** The execution, delivery, and performance of this Agreement by Seller will not (a) constitute a violation of, or conflict with, any Seller's organizational documents; (b) result in a default (or give rise to any right of termination, cancellation, or acceleration) under, or conflict with, any of the terms, conditions, or provisions of any Assumed Contract or Real Property Lease, subject to obtaining applicable lessor consents; (c) violate any statute, regulation, order, injunction, or decree of any federal, state, or local governmental authority or agency which is applicable to Seller or any of the Assets; (d) result in the creation or imposition of any Lien, charge, or encumbrance of any nature whatsoever upon any of the Assets, other than Permitted Liens or the Liens arising in favor of Buyer from this Agreement; or (e) require the consent or approval of any governmental authority, lending institution, or other third party other than the FCC Consent, except as otherwise noted in Schedule 3.2 hereto. Seller has not entered into any agreement with any third party for the sale, transfer, or assignment of the Assets or any interest therein.

**3.3 Tangible Personal Property.** Schedule 1.1(b)(i) and Schedule 1.1(b)(ii) contain a description of all material items of tangible personal property located at or relating to the Tower Facilities or located at the Transmitter Sites and used or held for use in the operation of the Stations. Except as set forth in Schedule 1.1(b)(i) or Schedule 1.1(b)(ii), Seller owns and has, and will have on the Closing Date, good and marketable title or a valid leasehold interest to the Tangible Personal Property. Except as set forth on Schedule 1.1(b)(i), each Tower and each other material item of Tangible Personal Property required to operate the Stations' transmission facilities or the Tower Facilities is in good operating condition, reasonable wear and tear excepted. The Tangible Personal Property in service is operating in compliance, in all material respects, with the FCC Authorizations and rules and regulations of the FCC and FAA.

**3.4 Real Property.** Schedule 1.1(c) contains a description of all owned real property ("Owned Real Property") or real property which is leased or licensed and used or held for use in the operation of the Stations' transmission facilities located at the Transmitter Sites (the "Real Property Leases"). The Owned Real Property includes, and the Real Property Leases (i) provide sufficient vehicular access to the Transmitter Sites without need to obtain any additional access rights and (ii) are served by all utilities which are required for adequate operation of the Transmitter Sites. There is no pending or to Seller's knowledge threatened suit for condemnation or other taking by any public authority of the Real Property or any part thereof. All buildings and other



improvements included in the Owned Real Property or the real property subject to the Real Property Leases are in operating condition and are not in need of material repair (ordinary wear and tear excepted) and free from material defect or damage. The towers, guy wires and anchors, ground systems and other facilities and improvements included in the Tangible Personal Property or Owned Real Property or the real property subject to the Real Property Leases do not encroach upon any adjacent premises. The Real Property is not subject to any zoning, restrictive covenant or other agreement or order that prohibits use of the Real Property as a tower site. Seller has delivered to Buyer true and complete copies of all deeds, title insurance policies, title insurance commitments, zoning reports, and surveys in its possession that are applicable to the Owned Real Property or the real property which is the subject of the Real Property Leases. Subject to obtaining applicable lessor consents (along with the consent of any ground lessor if also required), Seller has the full legal power and authority to assign its rights under the Real Property Leases to Buyer. All permanent certificates of occupancy and other consents and approvals required to be obtained by Seller for use of the Owned Real Property and the Real Property subject to the Real Property Leases from any governmental authority, association or board with jurisdiction over such Real Property have been issued and are in full force and effect. The Tower Facilities were constructed in accordance with the Communications Laws or any other applicable law and comply in all material aspects with all other applicable health and safety laws and codes and zoning requirements.

**3.5 FCC Authorizations and Other Licenses.** Schedule 1.1(a) hereto contains a true and complete list of the FCC Authorizations and the Licenses. The FCC Authorizations and the Licenses are in full force and effect and have not been revoked, suspended, cancelled, rescinded or materially and adversely modified. Seller lawfully holds, and is the sole holder of, each of the FCC Authorizations none of which is subject to any restrictions or conditions that would limit in any material respect the operations of the Stations, other than (a) as may be set forth on the faces of such FCC Authorizations and other licenses or (b) as may be applicable to substantial segments of the radio broadcasting industry. Seller is qualified to be an FCC licensee, and is operating the Stations in compliance in all material respects with the FCC Authorizations, the Communications Act of 1934, as amended, and all regulations and published policies of the FCC (the “Communications Laws”), including that each Station is transmitting at no less than ninety percent (90%) of its authorized power. There is not now pending, or, to Seller’s knowledge, threatened, any action by or before the FCC to revoke, cancel, rescind, modify, or refuse to renew any of the FCC Authorizations, and Seller has not received any notice of, and has no knowledge of, any pending, issued, or outstanding order by or before the FCC, order to show cause, notice of violation, notice of apparent liability, notice of forfeiture, or material complaint against either the Stations or Seller, except as set forth in Schedule 1.1(a). Seller has not received any written notice or complaint that a Station is causing interference to any other licensed facility within the past two years. All material reports and filings required to be filed with the FCC by Seller with respect to the operation of the Stations have been filed, and all such reports and filings are substantially accurate and complete in all material respects. Seller maintains a public inspection file for the Stations and, as of the date of filing of the Assignment Applications, such filed substantially comply with the Communications Laws in all material respects.

**3.6 Broadcast Tower.** Each Tower (or similar pole, building, rooftop or other infrastructure) from which any Station broadcasts is (a) obstruction marked; (b) lighted; and (c) properly registered with the FCC to the extent required by, and in accordance with, the

Communications Laws. No Tower has any physical, structural or mechanical defects or limits which would prevent or materially obstruct the ability to use the Tower as a telecommunications tower. To the best of Seller's knowledge, the buildings, towers, guys and other fixtures that comprise the Tower Facilities or otherwise situated on the situated on the Transmitter Sites (and used to operate the Stations) Real Property are free of material structural defects that would render them unsuitable for their intended uses. Seller has no knowledge that they have not been properly maintained and repaired or that they do not comply in all material respects with applicable zoning, health and safety laws and codes. The operations of the Stations do not exceed permissible levels of exposure to RF radiation specified in either the Communications Laws or any other federal, state or local laws.

**3.7 Title; Title Documents.** Seller owns and holds, and the conveyance instruments to be executed by Seller and delivered to Buyer at Closing will transfer, good and marketable title to the Assets, free and clear of all Liens other than Permitted Liens.

**3.8 Employees.** Seller is not a party to any collective bargaining, union or similar agreement with respect to the employees of Seller at the Stations, and no union represents or claims to represent or is attempting to organize such employees.

**3.9 Brokers.** There is no broker or finder or other person who, as a result of any agreement, understanding, or action, would have any valid claim for a commission or a brokerage fee in connection with the sale of the Stations or Tower Facilities pursuant to this Agreement. In the event any broker claims to be owed a commission with respect to this transaction on account of the actions of Seller, Seller shall be solely responsible for any amounts which may ultimately be owed to such broker.

**3.10 Insurance.** All of the material Assets that are insurable are insured against loss, injury, or damage consistent with Seller's practices for other stations.

**3.11 Litigation; Compliance with Law.** Except as set forth in Schedule 3.11, (a) Seller is not subject to any order, writ, injunction, judgment, arbitration, decision, or decree having a binding effect and affecting the Assets or which restrains or enjoins, or purports to restrain or enjoin, or could reasonably be expected to restrain or enjoin, the transaction contemplated hereby, and to Seller's knowledge no such proceeding is pending; and (b) to Seller's knowledge, there is no material litigation pending by or against, or threatened against, Seller which could materially and adversely affect any of the Assets. With respect to the Stations or Tower Facilities, Seller has complied and currently is in material compliance with all applicable laws, statutes, rules, regulations, codes and ordinances.

**3.12 Environmental Matters.** To Seller's knowledge: (a) Seller has not in generated, used, transported, treated, stored, released or disposed of, or suffered or knowingly permitted anyone else to generate, use transport, treat, store, release or dispose of any Hazardous Substance (as defined below) in violation of any applicable environmental law at the Transmitter Sites; (b) there has not been any generation, use, transportation, treatment, storage, release or disposal of any Hazardous Substance at the Transmitter Sites which has created or might reasonably be expected to create any material liability under any applicable environmental law or which would require reporting to or notification of any governmental entity; and (c) no asbestos or

polychlorinated biphenyl or underground storage tank is contained in or located at any Transmitter Site. To Seller's knowledge, (a) Seller is in compliance in all material respects with all environmental, health and safety laws applicable to the Real Property and Assets and (b) there is no action, suit or proceeding pending or threatened against Seller in respect of the Stations that asserts that Seller has violated any environmental, health or safety laws applicable to the Real Property or Assets. "Hazardous Substance" means substances that are defined or listed in, or otherwise classified pursuant to, any applicable laws as "hazardous substances," "hazardous materials," "hazardous wastes" or "toxic substances," or any other formulation of any applicable environmental law intended to define, list or classify substances by reason of deleterious properties such as ignitibility, corrosiveness, reactivity, radioactivity, carcinogenicity, reproductive toxicity and petroleum and drilling fluids, produced waters and other wastes associated with the exploration, development, or production of crude oil, natural gas or geothermal energy. Seller has delivered to Buyer true and complete copies of all environmental reports and assessments in Seller's possession that are applicable to the Real Property or the Stations.

**3.13 Taxes.** With respect to the Owned Real Property, Seller has filed all required tax returns and paid all taxes which have become due pursuant to such returns or pursuant to any real property assessments which have become payable. With respect to the Tangible Personal Property, Seller has filed all required tax returns and paid all taxes which have become due pursuant to such returns or pursuant to any personal property assessments which have become payable.

**3.14 Performance of Real Property Leases and Assumed Contracts.** Each of the Real Property Leases and Assumed Contracts is in effect and is binding upon Seller and, to Seller's knowledge, the other parties thereto (subject to bankruptcy, insolvency, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights generally). Seller has performed in all material respects all of its obligations pursuant to each of the Real Property Leases and the Assumed Contracts and is not in material default or breach of any such agreements. Seller has not received written notice from any party to any Real Property Lease or Assumed Contract that such party contends that Seller is in material default or breach under any Real Property Lease or Assumed Contract. To Seller's knowledge, there has not been, and is not, any material default or breach under any Real Property Lease or Assumed Contract by the other party to any Real Property Lease or Assumed Contract. Seller has delivered to Buyer true and complete copies of each Assumed Contract and Real Property Lease, together with all amendments thereto. Except as set forth in Schedule 1.1(c) or Schedule 1.1(d) attached hereto, there have been no modifications, extensions, or amendments of any of the Real Property Leases or Assumed Contracts, whether oral or written, except as may be contemplated by this Agreement. Seller has not been notified by any other party to any Real Property Lease or Assumed Contract that such party has a present intent to terminate or not to renew any Real Property Lease or Assumed Contract. Except as set forth in Schedule 1.1(c) or Schedule 1.1(d) attached hereto, none of the Real Property Leases and Assumed Contracts included in the Assets has as the other party an entity controlled by any of Seller's owners.

**3.15 Absence of Insolvency.** No insolvency proceedings of any character including without limitation, bankruptcy, receivership, reorganization, composition or arrangements with creditors, voluntary or involuntary, affecting Seller or any of the Assets, are pending or, to the knowledge of Seller, threatened.

## ARTICLE 4: REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer makes the following representations and warranties to Seller, but solely with respect to the transaction contemplated by this Agreement:

**4.1 Organization and Standing.** Buyer is a non-profit, religious corporation duly organized, validly existing and in good standing under the laws of the State of California and is qualified to do business in the states in which the Stations are located, and has the requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted.

**4.2 Authorization.** Buyer has the power and authority to execute and deliver this Agreement, and to consummate the transaction contemplated hereby. Buyer's performance under this Agreement does not contravene its organizational documents or breach any contractual obligation. Buyer has the power to carry on its business as is now conducted and as proposed to be conducted. The execution and delivery of this Agreement and the consummation of the transaction contemplated hereby have been duly and validly authorized by Buyer, and no other proceedings on the part of Buyer are necessary to authorize the execution and delivery of, or the performance of Buyer's obligations under this Agreement, or to consummate the transaction contemplated hereby (with respect to such consummation, subject to the satisfaction of the conditions set forth herein). This Agreement has been duly and validly executed and delivered by Buyer. This Agreement constitutes the legal, valid, and binding agreement of Buyer enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, or other laws affecting generally the enforcement of creditors' rights or the application of principles of equity.

**4.3 No Defaults.** The execution, delivery, and performance of this Agreement by Buyer will not (a) conflict with or result in any breach of any provision of the articles of organization, operating agreement, or other similar organizational documents of Buyer; (b) result in a default (or give rise to any right of termination, cancellation, or acceleration) under, or conflict with, any of the terms, conditions, or provisions of any note, bond, mortgage, indenture, agreement, lease, or other instrument or obligation relating to Buyer or its business, except for such defaults (or rights of termination, cancellation, or acceleration) or conflicts as to which requisite waivers or consents have been obtained and delivered to Seller; (c) violate any statute, regulation, order, injunction, or decree of any federal, state, or local governmental authority or agency which is applicable to Buyer; or (d) require the consent or approval of any governmental authority, lending institution, or other third party other than the FCC Consent.

**4.4 Buyer's Qualification.** Buyer is legally, financially, and technically qualified to acquire and to become the FCC licensee of the Stations and to perform its obligations under this Agreement. There are no facts known to Buyer which, under Communications Laws, would reasonably be expected to (a) disqualify Buyer from becoming the holder of the FCC Authorizations, or (b) disqualify Buyer from consummating the transactions contemplated hereby. Buyer has sufficient funds available to pay the Purchase Price.

**4.5 Litigation.** Buyer is not subject to any order, writ, injunction, judgment, arbitration, decision, or decree having a binding effect and affecting the business of Buyer or which restrains or enjoins, or purports to restrain or enjoin, or could reasonably be expected to restrain or

enjoin, the transaction contemplated hereby, and no such proceeding is pending. There is no material litigation pending by or against, or, to the knowledge of Buyer, threatened against Buyer that would prevent or materially impede the consummation by Buyer of the transaction contemplated by this Agreement.

**4.6 Brokers.** No broker, finder or other person is entitled to a commission, brokerage fee or other similar payment in connection with this Agreement or the transactions contemplated hereby as a result of any agreement or action of Buyer or any party acting on Buyer's behalf. Payment of any broker engaged by Buyer shall be Buyer's sole cost and expense. In the event any broker claims to be owed a commission with respect to this transaction on account of the actions of Buyer, Buyer shall be solely responsible for any amounts which may ultimately be owed to such broker.

**4.7 Approvals and Consents.** Buyer shall cooperate with Seller in obtaining all consents set forth in Schedule 3.2 hereto, including any Required Consents (defined below), including providing any financial or credit information which may be requested by a party to an Assumed Contract and/or Real Property Lease in order to consent to the assignment and transfer of an Assumed Contract and/or Real Property Lease.

## **ARTICLE 5: COVENANTS OF SELLER**

Seller covenants and agrees with Buyer that:

**5.1 Station Documents.** The records, files and other documents kept in connection with the Stations shall be maintained by Seller in the usual and ordinary manner consistent with past practices.

**5.2 Maintenance of Property.** Seller shall maintain the Tangible Personal Property included in the Assets consistent with past practices and will replace any material item of Tangible Personal Property that becomes worn out, lost, stolen, or destroyed with like property of substantially equivalent kind and value. Seller shall maintain the Owned Real Property in operating condition and preserve and maintain the Owned Real Property consistent with past practice.

**5.3 FCC Compliance; License Renewals.** Seller shall continue to operate and maintain the Stations in accordance in all material respects with the terms of the FCC Authorizations and in material compliance with all applicable laws, including Communications Laws. Seller shall maintain the FCC Authorizations in full force and effect and shall timely file and prosecute any renewal applications or other submissions to the FCC. Seller promptly will deliver to Buyer (a) after filing, copies of any material reports, applications, or responses to the FCC in connection with the Stations filed after the Effective Date and (b) copies of any material communications from the FCC, or directed to the FCC by a third party, in connection with the Stations that are received by Seller or of which Seller becomes aware after the Effective Date. Except as expressly permitted or required herein, Seller will not file any application with the FCC requesting authority to modify any Station's facilities without Buyer's prior written consent, and Seller shall take all actions necessary to keep the FCC Authorizations, including all material permits and applications pending before the FCC, valid and in full force and effect.

**5.4 Insurance.** Seller shall maintain in full force and effect through the Closing Date property damage, liability, and other insurance with respect to the Assets consistent with insurance maintained for other stations owned by Seller.

**5.5 Solicitation.** From the Effective Date until the earlier of the date this Agreement terminates in accordance with its terms or the Closing Date, neither Seller, nor any of its respective principals, directors, officers, agents, or representatives, shall hold any communications, discussions or negotiations with, and shall not, directly or indirectly, solicit, initiate, encourage, induce, or entertain any inquiries or proposals from, discuss or negotiate with, provide any nonpublic information to, any person (other than Buyer) relating to any business combination transaction, purchase or acquisition involving the Assets.

**5.6 Disposition of Assets.** Seller shall not, without the prior written consent of Buyer, sell, lease, or transfer, or agree to sell, lease, or transfer, any of the material Assets without replacement thereof with an asset of equivalent kind, condition, and value that satisfies industry standards for such assets, nor create any new Lien on the Assets other than Permitted Liens and Liens arising pursuant to, and in accordance with, the terms of this Agreement.

**5.7 Consummation of Agreement.** Seller shall use all commercially reasonable efforts to fulfill and perform all conditions and obligations on its part to be fulfilled and performed under this Agreement, and to cause the transaction contemplated by this Agreement to be fully carried out.

**5.8 Access to Transmitter Site Facilities.** At the request of Buyer, Seller shall from time to time give to, or cause to be given to, Buyer reasonable access during normal business hours to the Transmitter Sites; *provided, however*, that all such access shall be scheduled in a manner reasonably acceptable to that Seller and not interfere with the operation of the Transmitter Sites.

## **ARTICLE 6: COVENANTS OF BUYER**

Buyer covenants and agrees with Seller that:

**6.1 Consummation of Agreement.** Buyer shall use all commercially reasonable efforts to fulfill and perform all conditions and obligations on its part to be fulfilled and performed under this Agreement, and to cause the transaction contemplated by this Agreement to be fully carried out. Buyer shall deliver to Seller any reasonable documentation as may be requested by Seller prior to the Closing Date to demonstrate its financial commitments and ability to consummate the transaction and pay the Purchase Price on the Closing Date.

## **ARTICLE 7: JOINT COVENANTS**

Seller and Buyer covenant and agree with one another that:

**7.1 Employees.** Buyer is not obligated to and does not intend to offer post-Closing employment with any current Station employees.

**7.2 Receivables.** Buyer shall have no obligation to collect Seller's receivables.

**7.3 Real Property.** Within sixty (60) days after the Effective Date, Buyer may, at its expense, obtain customary title commitments, Phase I site assessments, and surveys with respect to the Owned Real Property or the Real Property subject to any Real Property Lease. As used herein, (i) “Encroachment” means any (A) Lien disclosed in any such survey that is not a Permitted Lien or (B) encroachment disclosed in any such survey that is not consistent with the representations set forth in this Agreement, and (ii) “Environmental Condition” means any (A) Recognized Environmental Condition disclosed in any such environmental assessment or (B) other condition that is not in compliance with applicable environmental law or regulation that is disclosed in any such environmental assessment. Seller shall cooperate with any reasonable requests by the title company or environmental consultant and shall provide access for such surveys or site assessments upon reasonable prior notice. Buyer shall notify Seller of any Environmental Condition or Encroachment promptly after Buyer becomes aware of such fact. If any Environmental Condition or Encroachment on or from the Owned Real Property is disclosed, Seller shall remedy the same prior to Closing (which may be delayed as provided below to the extent reasonably necessary to complete such remediation); provided, however, that (i) if the reasonably estimated remediation cost exceeds \$80,000, then either Party shall have the right to terminate the Agreement written notice to the other Party before Closing, and in such event the Parties hereby agree to use good faith efforts to reform the terms of this Agreement on mutually acceptable term.

**7.4 Consents to Real Property Leases and Assumed Contracts.** Seller and Buyer will join together in seeking any required third-party consents to the assignment and assumption of the Real Property Leases and Assumed Contracts and customary estoppel certificates from lessors under the Real Property Leases. Except for the Required Consents, Seller shall be required to use only commercially reasonable efforts to obtain any consents or authorizations for an assignment of the Assumed Contracts, and the failure of Seller to obtain any third party consents other than a Required Consents shall not be a failure of a condition to Closing.

**7.5 Renewal Application.** Seller shall timely file any other license renewal application that becomes due during the term of this Agreement, and diligently prosecute all of its pending FCC renewal applications. With respect to any pending FCC renewal applications for the Stations, Closing is subject to the grant of the renewal of such FCC license applications in orders which have become a Final Order (unless such Final Order requirement is waived by Buyer in its sole discretion) for a full license term without a material adverse condition. The Parties acknowledge that under current FCC policy, either the FCC will not grant an assignment application while a renewal application is pending, or the FCC will grant an assignment application with a condition that no closing can occur until the renewal application is granted. If the Assignment Application is granted subject to a renewal condition, then the term FCC Consent shall mean FCC consent to the Assignment Application and grant of the license renewal in an order which has become a Final Order (unless such Final Order requirement is waived by Buyer in its sole discretion). If all conditions precedent to Closing have been met except that a renewal application has not been granted, or a condition has been imposed that prohibits a closing on a Station before the grant of the renewal, the Parties hereby agree to use good faith efforts to reform the terms of this Agreement in a manner that will enable Buyer to acquire the Assets and assume the Assumed Liabilities for all Stations other than the Stations subject to the renewal or the renewal condition, on financial terms which are consistent with the valuations exchanged during the Party’s negotiations prior to the execution of this Agreement. The Closing on the Station subject to the license renewal or

renewal condition shall occur at a date set by Buyer and Seller, no later than 10 days after the license renewal becomes a Final Order, subject to the applicable Closing conditions hereunder, and subject to Section 12 hereof; provided, however, that Drop Dead Date for the applicable Station shall be extended by a period equal to the period the applicable renewal application is pending, but not later than two (2) years after the date of this Agreement.

## **ARTICLE 8: CONDITIONS TO THE OBLIGATIONS OF SELLER**

With respect to the transaction contemplated under this Agreement, the obligations of Seller to consummate hereunder are subject to the fulfillment of the following conditions prior to or on the Closing Date, unless waived in writing by Seller.

### **8.1 Representations, Warranties and Covenants.**

(a) Each of the representations and warranties of Buyer contained in this Agreement shall be true and correct in all material respects as of the Closing Date.

(b) Buyer shall have performed and complied in all material respects with each and every covenant and agreement required by this Agreement in connection with Station to be performed or complied with by it prior to or on the Closing Date.

**8.2 Proceedings.** Neither Seller nor Buyer is subject to any restraining order or injunction (or similar action) that restrains or prohibits the consummation of the transaction contemplated hereby.

**8.3 FCC Authorizations.** The FCC Consent with respect to the Assignment Applications have been issued by the FCC and become a Final Order.

**8.4 Deliveries.** Buyer has complied with each and every one of its obligations set forth in Section 10.2.

## **ARTICLE 9: CONDITIONS TO THE OBLIGATIONS OF BUYER**

With respect to the transaction contemplated under this Agreement, the obligations of Buyer to consummate hereunder are subject to the fulfillment of the following conditions prior to or on the Closing Date, unless waived by Seller in writing.

### **9.1 Representations, Warranties and Covenants.**

(a) Each of the representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects as of the Closing Date.

(b) Seller shall have performed and complied in all material respects with each and every covenant and agreement required by this Agreement to be performed or complied with by it prior to or on the Closing Date.



**9.2 Proceedings.** Neither Seller nor Buyer is subject to any restraining order or injunction (or similar action) that restrains or prohibits the consummation of the transaction contemplated hereby.

**9.3 FCC Authorizations.** The FCC Consent with respect to the Assignment Application has been issued by the FCC and shall have become a Final Order.

**9.4 Absence of Any Material Adverse Change.** There shall have been no material adverse change in the Assets or FCC Authorizations.

**9.5 Deliveries.** Seller has complied with each and every one of the obligations set forth in Section 10.1.

**9.6 Required Consents.** Seller and Buyer shall have obtained all consents listed in Schedule 9.7 ("Required Consents").

**9.7 Estoppel.** If requested by Buyer, an estoppel certificate from the ground lessor of any Real Property Lease.

**9.8 Liens.** No Liens (other than Permitted Liens) shall exist or have been filed or recorded against the Assets in the public records of the Secretary of State of Seller's state of formation or in any other jurisdiction in which the Assets are located. Duly executed UCC releases, mortgage terminations or other similar documents or instruments required to transfer the Assets free and clear of Liens (other than Permitted Liens) shall have been delivered by Seller.

**9.9 Title Policy.** Buyer shall have not been denied a standard form ALTA owner's title policy (at its sole cost) in the form in use in the state where the parcel of Real Property is located from a reputable national title company insuring fee simple title to each parcel of Real Property free and clear of Liens other than Permitted Liens.

## **ARTICLE 10: ITEMS TO BE DELIVERED AT CLOSING**

**10.1 Deliveries by Seller.** At Closing, Seller shall deliver to Buyer, duly executed by Seller or such other signatory as may be required by the nature of the document, the following:

(a) a certificate for Seller, dated as of the Closing Date, executed by an officer of Seller, certifying on behalf of Seller that the closing conditions specified in Section 9.1 have been satisfied;

(b) a good standing certificate issued by Seller's jurisdiction of formation;

(c) a bill of sale sufficient to sell, convey, transfer and assign the Assets (other than the FCC Authorizations, Assumed Contracts and Real Property Leases) to Buyer free and clear of any Liens (other than Permitted Liens), in a form reasonably acceptable to Buyer (the "Bill of Sale");

(d) an Assignment and Assumption of Assumed Contracts sufficient to sell, convey, transfer and assign the Assumed Contracts to Buyer free and clear of any Liens (other than

Permitted Liens), in a form reasonably acceptable to Buyer (the “Assignment and Assumption of Assumed Contracts”);

(e) an Assignment and Assumption of FCC Authorizations sufficient to assign the FCC Authorizations applicable to the Stations (including the Stations’ call letters) and other licenses which are included in the Assets to Buyer, in a form reasonably acceptable to Buyer (the “Assignment and Assumption of FCC Authorizations”);

(f) an Assignment and Assumption of Real Property Leases sufficient to sell, convey, transfer and assign the Real Property Leases to Buyer free and clear of any Liens (other than Permitted Liens)(the “Assignment and Assumption of Leases”);

(g) a warranty deed for any parcel of Owned Real Property to Buyer, together with any additional documents (such as, without limitation, an affidavit of title or residency certification, W-9, FIRPTA certificate) reasonably requested by Buyer’s title company;

(h) a joint notice to the Escrow Agent requesting delivery of the Escrow Deposit to Seller;

(i) the Required Consents described in Schedule 9.7;

(j) executed releases, in suitable form for filing and otherwise in form and substance reasonably satisfactory to Buyer, of any security interests granted in the Assets as security for payment of loans and other obligations and of any other Liens (other than Permitted Liens);

(k) if required by Section 2.3, the Unwind Agreement, duly executed by Seller; and

(l) any other documents reasonably requested by Buyer and reasonably necessary to consummate the transactions set forth in this Agreement.

**10.2 Deliveries by Buyer.** At Closing, Buyer shall deliver to Seller, duly executed by Buyer or such other signatory as may be required by the nature of the document:

(a) a certificate for Buyer, dated as of the Closing Date, executed by an officer or other authorized representative of Buyer, certifying on behalf of Buyer that the closing conditions specified in Section 8.1 have been satisfied;

(b) the payment of the Purchase Price by wire transfer, including an execution of a joint notice to the Escrow Agent requesting delivery of the Escrow Deposit to Seller;

(c) a good standing certificate issued by Buyer’s jurisdiction of formation;

(d) the Bill of Sale;

(e) the Assignment and Assumption of Assumed Contracts;

(f) the Assignment and Assumption of FCC Authorizations;

- (g) the Assignment and Assumption of Real Property Leases;
  - (h) if required by Section 2.3, the Unwind Agreement, duly executed by Buyer;
- and
- (i) any other documents reasonably requested by Seller and reasonably necessary to consummate the transactions set forth in this Agreement.

## **ARTICLE 11: SURVIVAL AND INDEMNITY**

The rights and obligations of Buyer and Seller under this Agreement shall be subject to the following terms and conditions:

**11.1 Survival of Covenants, Representations, and Warranties.** Except as stated below, the representations and warranties of Buyer and Seller contained in this Agreement shall survive Closing for eighteen months (18) months from the Closing Date, except (i) the second sentence of Section 3.3 (Tangible Personal Property) and (ii) Section 3.7 (Title Documents) (the “Title Representations”) which shall survive until the expiration of any applicable statute of limitations. The covenants and agreements in this Agreement to be performed after Closing shall survive Closing until performed. All other covenants shall expire at Closing. Except as stated above in this Section 11.1, neither Seller nor Buyer shall have any liability whatsoever with respect to any representation, or warranty unless an action at law or in equity is commenced prior to expiration of the 18-month survival period for such representation or warranty.

### **11.2 General Agreement to Indemnify.**

(a) Seller on the one hand, and Buyer on the other hand, shall indemnify, defend and hold harmless each other and any employee, representative, agent, director, officer, affiliate or permitted assign of each other (each, an “Indemnified Party”) from and against any and all claims, claims, actions, suits, proceedings, liabilities, obligations, losses and damages, amounts paid in settlement, interest, costs and expenses (including reasonable attorneys’ fees, court costs and other out-of-pocket expenses incurred in investigating, preparing or defending the foregoing) (collectively, “Losses”) asserted against, incurred or suffered by any Indemnified Party as a result of, arising out of, or relating to: (i) the failure of any representation or warranty of the Indemnifying Party made in the Agreement to have been true and correct as of the Closing Date as though such representation or warranty were made at and as of the Closing Date, or (ii) the breach by the Indemnifying Party of any covenant of such Party contained in this Agreement to be performed after Closing. The term “Losses” is expressly limited to such Party’s actual out-of-pocket costs and expenses and does not and shall not include special, indirect, incidental, consequential or punitive or exemplary damages unless paid in satisfaction of a Third Party Claim (defined below). Adjustments to the Purchase Price made pursuant to Section 1.1.1(d) of this Agreement shall not be included in any calculation of Party’s total “Losses” for purposes of meeting the Loss threshold provided in Section 11.3(e).

(b) Seller further agrees to indemnify and hold harmless Buyer and any other Indemnified Party of Buyer from and against any Losses asserted against, incurred or suffered by

Buyer or any other Indemnified Party of Buyer arising out of, resulting from, or relating to the Retained Obligations or the operations of the Stations and ownership of the Assets prior to Closing.

(c) Buyer further agrees to indemnify and hold harmless Seller and any other Indemnified Party of Seller from and against any Losses asserted against, incurred or suffered by Seller or any other Indemnified Party of Seller arising out of, resulting from, or relating to the Assumed Liabilities or the operations of the Stations and the Assets from and after Closing.

### **11.3 General Procedures for Indemnification.**

(a) The Indemnified Party seeking indemnification under this Agreement shall promptly notify in writing the Party or Parties from whom indemnification is sought (the “Indemnifying Party”) of the assertion and basis of any claim, or the commencement and basis of any action, suit or proceeding by any third party in respect of which indemnity may be sought hereunder (a “Third Party Claim”) and will give the Indemnifying Party such information with respect thereto as the Indemnifying Party may reasonably request, but failure to give such notice shall not relieve the Indemnifying Party of any liability hereunder (except to the extent the Indemnifying Party has suffered prejudice by such failure). The Indemnifying Party shall have the right, but not the obligation, exercisable by written notice to the Indemnified Party within thirty (30) days of receipt of notice from the Indemnified Party of the commencement of a Third Party Claim, to assume the defense and control the settlement of such Third Party Claim that involves (and continues to involve) solely money damages; *provided, however*, that prior to assuming any claim defense, the Indemnifying Party must show the Indemnified Party that they have the financial ability to pay out any potential monetary claim before they are allowed to assume its defense. Failure by the Indemnifying Party to so notify the Indemnified Party shall be deemed a waiver by the Indemnifying Party of its right to assume the defense of such claim.

(b) Whether or not the Indemnifying Party chooses to defend or prosecute any Third Party Claim, the Parties hereto shall cooperate in the defense or prosecution thereof and shall furnish such records, information and testimony, and attend such conferences, discovery proceedings, hearings, trials and appeals, as may be reasonably requested in connection therewith.

(c) The Indemnifying Party or the Indemnified Party, as the case may be, shall have the right to participate in (but not control), at its own expense, the defense of any Third Party Claim that the other is defending, as provided in this Agreement.

(d) The Indemnifying Party, if it has assumed the defense of any Third Party Claim as provided in this Agreement, shall not consent to, or enter into, any compromise or settlement of, or consent to the entry of any judgment arising from, any such Third Party Claim (which compromise, settlement, or judgment (i) commits the Indemnified Party to take, or to forbear to take, any action or (ii) does not provide for a complete release by such third party of the Indemnified Party) without the Indemnified Party’s prior written consent. If the conditions set forth herein are met but the Indemnified Party refuses to settle any Third Party Claim, the Indemnifying Party may tender the settlement amount and be relieved of further liability.

(e) The Indemnifying Party shall not be entitled to require that any action be brought against any other person before action is brought against it hereunder by the Indemnified

Party, but shall be subrogated to any right of action to the extent that it has paid or successfully defended against any Third Party Claim.

**11.4 Limitations.** Neither Party shall be required to indemnify the other Party for any Losses under this Article 11 unless written notice of a claim under this Article 11 was received by an Indemnifying Party before the end of the survival period for such claim as set forth in Section 11.1. In addition, Seller shall not be required to indemnify Buyer for any Losses under Section 11.2(a)(i) (except with respect to the Title Representations) until the aggregate claim for Losses exceeds \$40,000, after which the Indemnified Party shall be entitled to recover for all Losses including such threshold. Notwithstanding the foregoing, the maximum liability of Seller for Losses under Section 11.1(a)(i) shall not exceed the Purchase Price. In calculating the amount of Losses to Buyer, such Losses shall be reduced by any recovery from any third party (including insurance proceeds) as a result of the facts or circumstances giving rise to the Losses. The limitations set forth in this Section shall not apply to Losses arising under Sections 11.2(b) or 11.2(c).

**11.5 Exclusive Remedy.** Following Closing, the right to indemnification, defense, hold harmless, payment or reimbursement provided in this Article 11 will be the exclusive remedy of any Party with respect to Losses in connection with the transactions contemplated by this Agreement.

## **ARTICLE 12: TERMINATION**

**12.1 Termination.** This Agreement may be terminated at any time by Buyer or by Seller prior to Closing, or the applicable Closing, as set forth below:

- (a) by the mutual written consent of Buyer and Seller;
- (b) by written notice of Seller to Buyer, provided that Seller is not in breach or default of this Agreement, if Buyer (i) breaches in any material respect any of Buyer's representations or warranties provided herein; or (ii) defaults in any material respect in the performance of any of Buyer's covenants or agreements under this Agreement; and in any of which events (i)-(ii) such breach or default is not cured by Buyer within the Cure Period (as defined below), if applicable;
- (c) by written notice of Buyer to Seller, provided Buyer is not in breach or default of this Agreement, if Seller (i) breaches in any material respect any of Seller's representations or warranties provided herein; or (ii) defaults in any material respect in the performance of any of Seller's covenants or agreements under this Agreement; and in any of which events (i)-(ii) such breach or default is not cured by Seller within the Cure Period, if applicable;
- (d) by written notice of Seller to Buyer, or Buyer to Seller (i) if Closing has not been consummated with one (1) year after the date the FCC releases public notice that the last Assignment Application has been accepted for filing ("Drop Dead Date"); (ii) if, for any reason, the FCC denies or dismisses the Assignment Application and the time for reconsideration or court review under the Communications Laws with respect to such denial or dismissal has expired and there is not then pending with respect thereto a timely filed petition for reconsideration or request for review; or (iii) if, for any reason, the last Assignment Application is designated for an

evidentiary hearing, *provided, however*, that the right to terminate this Agreement under this subsection shall not be available to any Party whose breach of this Agreement has been the cause of, or resulted in, the failure of Closing to occur on or before such date; and

(e) By written notice of Seller or Buyer pursuant to Section 7.3.

**12.2 Cure Period.** The term “Cure Period” as used herein means a period commencing with the date that Buyer or Seller receives from the other Party written notice of breach or default hereunder and continuing until thirty (30) days thereafter; *provided, however*, that if the breach or default cannot reasonably be cured within such period but can be cured before the Drop Dead Date, and if diligent efforts to cure promptly commence, then the Cure Period shall continue as long as such diligent efforts to cure continue, but not beyond the Drop Dead Date. Except as set forth below, the termination of this Agreement with respect to the transaction contemplated hereunder shall not relieve the Buyer or Seller of any liability for breach or default under this Agreement prior to the date of such termination.

**12.3 Liability; Right to Terminate.** A termination of this Agreement shall not relieve any Party hereto of any liability for which it otherwise would be subject. Except as set forth in Section 7.3, no Party that is in material breach of this Agreement shall be entitled to terminate this Agreement except with the written consent of the other Party.

**12.4 Payment of Escrow Deposit.**

(a) **Buyer’s Default.** Upon a termination of the Agreement by Seller pursuant to Section 12.1(b), Seller’s sole remedy shall be receipt of the Escrow Deposit, including all interest earned thereon, from the Escrow Agent, which amount will be paid as liquidated damages. Seller and Buyer acknowledge that these liquidated damages are reasonable in light of the anticipated harm that would be caused by Buyer’s breach of any of its material obligations under this Agreement and the difficulty of ascertaining damages and proof of loss and that these damages are not a penalty.

(b) **Other Termination.** Upon a termination of the Agreement by either Party for any reason other than a termination by Seller under Section 12.1(b), Buyer shall be entitled to the return of the Escrow Deposit, including all interest earned thereon. Instead of terminating the transaction contemplated hereunder upon a default by Seller pursuant to Section 12.1(c), Buyer shall have the right to seek specific performance as provided in Section 13.8 below.

**ARTICLE 13: MISCELLANEOUS**

**13.1 Governing Law.** The construction and interpretation of this Agreement shall at all times and in all respects be governed by the laws of the State of Delaware (exclusive of those relating to conflicts of laws). Any action at law, suit in equity or judicial proceeding arising directly, indirectly, or otherwise in connection with, out of, related to or from this Agreement, or any provision hereof, shall be litigated only in the federal or state courts of the State of Delaware. The Parties hereby consent to the personal and subject matter jurisdiction of such courts and waive any right to transfer or change the venue of any litigation between them.

**13.2 Expenses; Taxes.** Each Party hereto shall bear all of its expenses incurred in connection with the transaction contemplated by this Agreement, including without limitation, accounting, engineering and legal fees incurred in connection herewith; *provided, however*, that Seller and Buyer shall share equally (a) all filing fees required to be paid in connection with the Assignment Application as set forth in Section 2.1; (b) the costs of any state or local sales, use, stamp or transfer taxes and other similar taxes applicable to the transfer of the Assets (including the Owned Real Property) under this Agreement, if any; and (c) the fees owed to the Escrow Agent.

**13.3 Entire Agreement; Amendment; No Waiver.** This Agreement, including the schedules and exhibits hereto, contain the entire agreement and understanding by and between the Parties, and no other representations, promises, agreements, or understanding, written or oral, not contained herein shall be of any force or effect. This Agreement may only be amended in a writing signed by all of the Parties. No oral agreement shall have any effect. No failure or delay in exercising any right hereunder shall be deemed or construed to be a waiver of such right, either prospectively or in the particular instance. This Agreement has been prepared by all of the Parties hereto, and no inference of ambiguity against the drafter of a document therefore applies against any Party hereto.

**13.4 Confidentiality.** Except for information about the Stations and the Assets acquired by Buyer at or after Closing and except where such information is known through other lawful sources or where its disclosure is required in accordance with applicable law, including requirements of the FCC pursuant to the Assignment Application, Buyer and Seller shall keep confidential all non-public information obtained by it with respect to the other Party or the Stations in connection with this Agreement. If the transaction contemplated herein is not consummated for any reason, Buyer and Seller shall return to each other or destroy, without retaining a copy thereof in any medium whatsoever, any schedules, documents or other written information, including all financial information, obtained from the other in connection with this Agreement and the transaction contemplated hereby.

**13.5 Public Announcements.**

(a) Prior to the filing of the Assignment Applications, no Party shall, without the prior approval of the other Party hereto (which approval may not be unreasonably withheld), make any press release or public statement concerning the transaction contemplated by this Agreement, except (i) to announce that the transaction has been entered into and (ii) as and to the extent that such Party shall be so obligated by law or the requirements of any national securities exchange; provided, however, that both Parties will be permitted to publicly comment on, issue public statements regarding and otherwise discuss the transaction contemplated by this Agreement (without the other Party's prior approval), including, without limitation, in response to analyst questions, on earnings calls and as otherwise determined by a Party in its sole discretion.

(b) Notwithstanding the foregoing, the Parties acknowledge that the rules and regulations of the FCC require that local public notice of the transaction contemplated by this Agreement be made by Seller after the Assignment Application has been filed with the FCC and that a copy of this Agreement shall be included as a material part of the Assignment Application, which will be made available for public inspection at the Stations and in the FCC's records. The

form and substance of the required public notices, to the extent not dictated by the Communications Laws, shall be mutually agreed upon by Seller and Buyer.

**13.6 Risk of Loss.** The risk of loss to any of the Assets on or prior to the Closing Date shall be upon Seller. Seller shall use all commercially reasonable efforts to repair or replace any damaged or lost Assets and to remedy any Broadcast Interruption; *provided, however*, that in the event any lost or damaged Asset or Assets is reasonably expected to exceed Two Hundred Thousand Dollars (\$200,000) to repair or replace or a Broadcast Interruption exists as of the date otherwise scheduled for Closing, then Buyer may, at its option, upon prior written notice to Seller, (a) postpone Closing for a period of up to sixty (60) days while Seller shall repair or replace such Asset or Assets or remedy such Broadcast Interruption; or (b) so long as the expected insurance proceeds are sufficient to repair or replace the damaged or lost Assets, elect to close the transaction contemplated herein with the Asset or Assets in their damaged or lost condition, in which case Seller shall assign to Buyer all proceeds of insurance on such damaged or lost Asset or Assets, and Buyer shall have the responsibility to repair or replace the damaged or lost Asset or Assets. If the damage or loss exceeds Three Hundred Thousand Dollars (\$300,000) or a Broadcast Interruption is reasonably expected to continue past the Drop Dead Date, then, Buyer shall have the right to terminate the Agreement by written notice to Seller before Closing. As used herein, "Broadcast Interruption" means a Station is off-air or has a material reduction of signal quality or coverage.

**13.7 Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the Parties hereto, and their respective representatives, successors and assigns. Neither Seller nor Buyer may assign this Agreement or any part hereof prior to Closing without the prior written consent of the other Party and any attempted assignment without such consent shall be void. In the event of any assignment of this Agreement, the assignee shall enter into a written agreement accepting joint and several liability for all obligations under this Agreement.

**13.8 Specific Performance.** Seller acknowledges that the Assets are a unique asset not readily obtainable on the open market and that, in the event that Seller fails to perform its obligation to consummate the transaction contemplated hereby, money damages alone will not be adequate to compensate Buyer for its injury. Therefore, Seller agrees and acknowledges that in the event of Seller's failure to perform its obligation to consummate the transaction contemplated hereby, in lieu of seeking damages or any other remedy, Buyer may seek specific performance of the terms of this Agreement and of Seller's obligation to consummate the transaction contemplated hereby. If any action is brought by Buyer against Seller to enforce this Agreement, Seller shall waive the defense that there is an adequate remedy at law, and the prevailing Party in litigation shall be entitled to receive from the non-prevailing Party all court costs, attorney's fees and other out-of-pocket expenses incurred by the prevailing Party in enforcing or defending its rights under this provision.

**13.9 Notices.** All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly made and received on date delivered by electronic transmission, receipt confirmed, or the next business day when sent for next business day delivery by a nationally recognized overnight courier service, expenses prepaid, addressed as set forth below:



If to Seller, then to:

Flinn Broadcasting Corporation  
Broadcasting for the Challenged, Inc.  
George S. Flinn, Jr.  
6080 Mt. Moriah Ext.  
Memphis, TN 38115  
Attention: Shea Flinn  
Email: shea@flinn.com

and to (which shall not constitute notice):

Stephen C. Simpson  
Attorney at Law  
1250 Connecticut Avenue, NW  
Suite 700  
Washington, DC 20036  
Fax: (202) 408-1590  
Email: simpson@scsimpsonlaw.com

If to Buyer, then to:

Educational Media Foundation  
5700 West Oaks Boulevard  
Rocklin, CA 95765  
Attention: Shaine Grieshaber  
E-mail: SGrieshaber@kloveair1.com

and to (which shall not constitute notice):

Paige Fronabarger, Esq.  
Wilkinson Barker Knauer, LLP  
1800 M Street, NW, Suite 800N  
Washington, DC 20036  
Fax: (202) 783-5851  
Email: pfronabarger@wbklaw.com

Any Party may change the address to which communications are to be sent by giving notice of such change of address in conformity with the provisions of this Section providing for the giving of notice.

**13.10 Further Assurances.** From time to time prior to, on and after the Closing Date, each Party hereto will execute all such instruments and take all such actions as any other Party shall reasonably request, without payment of further consideration other than any reasonable expenses that may be incurred by the other Party, in connection with carrying out and effectuating the intent and purpose of the transaction contemplated by this Agreement, including without

limitation the execution and delivery of any and all confirmatory and other instruments in addition to those to be delivered on a Closing Date, and any and all actions which may reasonably be necessary to complete the transaction contemplated hereby. The Parties shall cooperate fully with each other and with their respective counsel and accountants in connection with any steps required to be taken as part of their respective obligations under this Agreement.

**13.11 Partial Invalidity.** Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any provision contained herein, or its application to any particular circumstance shall, for any reason, be held to be invalid or unenforceable by a court of competent jurisdiction, such provision or such application shall be ineffective to the extent of such invalidity or unenforceability in such jurisdiction, without invalidating the remainder of such provision or any other provisions hereof, or its application in any other circumstance, unless such a construction would be unreasonable, and without invalidating such provision or its application in any other jurisdiction.

**13.12 Execution in Counterparts.** This Agreement may be executed in counterparts, each of which will be deemed to be an original but both of which together will constitute one and the same instrument. This Agreement may be executed and/or exchanged by facsimile or other electronic transmission, with the same legal effect as if the signatures had appeared in original handwriting on the same physical document. At the request of any Party hereto or to any such agreement or instrument, each other Party hereto or thereto shall re-execute original forms thereof and deliver them to all other parties. No Party hereto or to any such agreement or instrument shall raise the use of a facsimile machine or Portable Document Format (pdf) to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or other electronic means as a defense to the formation of a contract and each such Party forever waives any such defense.

*[SIGNATURE PAGE FOLLOWS]*

SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date first above written.

**BUYER: EDUCATIONAL MEDIA FOUNDATION**

By: \_\_\_\_\_

By:

Title:

**SELLER: FLINN BROADCASTING CORPORATION**

By: George S. Flinn, Jr.

George S. Flinn, Jr.

President

**GEORGE S. FLINN, JR.**

By: George S. Flinn, Jr.

George S. Flinn, Jr.

Individual

**BROADCASTING FOR THE CHALLENGED, INC.**

By: George S. Flinn, Jr.

George S. Flinn, Jr.


President

SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT

**IN WITNESS WHEREOF**, the Parties have duly executed this Agreement as of the date first above written.

**BUYER:**

**EDUCATIONAL MEDIA FOUNDATION**

By:  \_\_\_\_\_  
By: Janet cherry  
Title: COO

**SELLER:**

**FLINN BROADCASTING CORPORATION**

By: \_\_\_\_\_  
George S. Flinn, Jr.  
President

**GEORGE S. FLINN, JR.**

By: \_\_\_\_\_  
George S. Flinn, Jr.  
Individual

**BROADCASTING FOR THE CHALLENGED, INC.**

By: \_\_\_\_\_  
George S. Flinn, Jr.  
President