

ASSET PURCHASE AGREEMENT FOR A.M. 1020

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is entered into and made effective this ~~23~~ day of August, 2013, by A.M. 1020, Inc., a South Carolina corporation ("Seller") by and through Clifford H. Bowman, in his capacity as Receiver and not individually (sometimes hereinafter referred to as the "Receiver") and Ervin Broadcasting LLC., a South Carolina limited liability company ("Buyer"), and.

WITNESSETH:

WHEREAS on June 12, 2012, the Master in Equity for the Court of Common Pleas for Anderson County, South Carolina (the "Court") in Case No. 2012-CP-04-01965 entered an Order *pendente lite* appointing Clifford H. Bowman (the "Receiver") as Receiver to take possession of, hold, conserve, manage and liquidate certain business assets of A.M. 1020, Inc. (Company);

WHEREAS, Company was the licensee of WRIX-AM, FCC Fac. Id. 1216, Homeland Park, in Anderson, South Carolina (the "Station") and has assigned the licenses of Station to Seller pursuant to FCC application BAL-20120730AEP.

WHEREAS, there is a common attributable interest in Seller and the licensees of WRIX-FM, FCC Fac. Id. 21830 Honea Path S.C. and WANS, Fac. Id. 21829, Anderson, S.C. and purchase agreements are simultaneously herewith being entered into between the licensees of those stations and Buyer so that a closing on each purchase agreement shall require first as a condition precedent that the assignment of licenses for all three stations to Buyer shall have been approved by the FCC,

WHEREAS, Seller is the Court-Appointed Receiver and licensee for the Station pursuant to a license issued by the Federal Communications Commission ("FCC" or "Commission");

WHEREAS, Seller has been authorized by court order to sell WRIX-AM and its real and personal property and leasehold improvements;

WHEREAS, the FCC Licenses identified in this Agreement may not be assigned until the staff of the Commission has granted its consent to transfer the FCC license;

WHEREAS, Seller owns and controls certain tangible property, real property, leases, licenses, contractual rights and other business assets used in the operation of the Station (hereinafter the "Radio Business"); and

WHEREAS, Seller desires to sell to Buyer and Buyer desires to purchase from Seller all of the tangible property, real property, leases, licenses, intellectual property, contractual rights and other business assets of Seller used in or related to the Radio Businesses pursuant to the terms and conditions set forth in this Agreement;

WHEREAS, the assets conveyed hereunder may be subject to the claims of creditors, including the South Carolina Department of Revenue, including liens filed in the County of Anderson, South Carolina that purport to create liens on some or all of the business assets being conveyed hereunder;

WHEREAS, the parties hereto wish to establish a mechanism whereby, post-closing, the proceeds paid by Buyer to Seller hereunder are first used to satisfy in full all claims against and liens upon the assets being conveyed herein before any proceeds are disbursed to the Seller; and

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants, promises and agreements hereinafter set forth, and for other good and valuable consideration set forth herein below, the parties hereto hereby agree as follows:

ARTICLE I DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

1.1 Act means the Communications Act of 1934, as amended from time to time, and as found at 47 U.S.C. § 101 *et seq.*

1.2 Assignment Application means one or more applications on FCC Form 314 that Seller and Buyer shall join in and file with the Commission requesting its consent to the assignment of the Station Licenses from Seller to Buyer.

1.3 Business Records means all business records in Seller's possession relating to the operation of the Station and not pertaining solely to Seller's internal corporate affairs (such as minute books, records of corporate proceedings, stock ledgers, tax returns and the like), in whatever medium those records are stored, including but not limited to all books of account, customer lists, supplier lists, employee personnel files, local public records file materials, engineering data, sales materials, logs, programming records, consultants' reports, ratings reports, budgets, and financial reports and projections. The Business Records shall also include all surveys of the Real Property and all architectural, structural, mechanical and electrical plans and specifications for the buildings, structures, and improvements located thereon that are in Seller's possession.

1.4 Closing means the consummation of the sale and assignment contemplated by this Agreement.

1.5 Closing Date means the date on which the Final Closing takes place after FCC approval of the licenses transfers.

1.6 Contracts means the contracts, leases and other agreements listed or described in Schedule 2.1(c) which Buyer has expressly agreed to assume (the "Assigned Contracts"), together with the leases for the Leased Real Property, the Sales Agreements, the Trade Agreements and all other contracts, leases and agreements made between the date hereof and the Closing Date as permitted under the terms of this Agreement.

1.7 Environmental Laws means any and all federal, state and local laws that relate to or impose liability or standards of conduct concerning public or occupational health and safety, pollution or protection of the environment, as now or hereafter in effect and as have been or hereafter may be amended including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 et seq.), the Hazardous Materials Transportation Act (42 U.S.C. § 1802 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the National Environmental Policy Act (42 U.S.C. § 4321 et seq.), the Refuse Act (33 U.S.C. § 407 et seq.), the Safe Drinking Water Act (42 U.S.C. § 300(f) et seq.), the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), and all rules, regulations, codes, ordinances and guidance documents promulgated or published hereunder, and the provisions of any licenses, permits, orders and decrees issued pursuant to any of the foregoing.

1.8 Final Order means any Commission action that, by lapse of time or otherwise, is no longer subject to administrative or judicial review, reconsideration, appeal or stay.

1.9 GAAP means generally accepted accounting principles consistently applied.

1.10 Hazardous Substance means any hazardous substance, waste, material, pollutant, or contaminant, as those or similar terms are used in the Environmental Laws, and includes without limitation asbestos, asbestos-related products, oils or petroleum-derived compounds, polychlorinated biphenyls, pesticides, and radon.

1.11 Intangible Property means the goodwill and other intangible assets used in the operation of the Station, including but not limited to any Promotional Rights and any slogans and promotional phrases, all computer software, web sites, e-mail addresses, universal resource locator addresses, magnetic media, electronic data processing files, systems and programs, business lists, trade secrets, and sales and operating plans.

1.12 IRS means the Internal Revenue Service.

1.13 Promotional Rights means the call signs, slogans, jingles, promotional phrases, trademarks, trade names, service marks, logos, copyrights, and similar materials and rights listed or described in Schedule 2.1(a), together with all additions thereto between the date of this Agreement and the Closing Date.

1.14 Real Property means the real estate used or useful in the operation of the Station, including the Radio Business site and the sites upon which the Station's transmitter towers, studios and offices are located, such Real Property as is owned by Seller known as the "Owned Real Property" and such Real Property as is leased by Seller known as the "Leased Real Property", all as more particularly described in Schedule 2.1(h).

1.15 Sales Agreements means agreements for the sale of advertising time on the Station for cash.

1.16 Station Equipment means all the fixed and tangible personal property of Seller used or useful in the operation of the Station, including, without limitation, the property listed or described in Schedule 2.1(a) together with all additions, modifications or replacements thereto made in the ordinary course of business between the date of this Agreement and the Closing Date and as permitted by the terms of this Agreement.

1.17 Station Licenses means all licenses, permits and authorizations issued by the Commission, or any other local, state or federal regulatory agencies that are used in or necessary for the lawful operation of the Station and their associated broadcast auxiliary facilities, including, without limitation, those listed or described in Schedule 2.1(c), together with any renewals, extensions or modifications thereof and additions thereto made between the date of this Agreement and the Closing Date.

1.18 Trade Agreements means agreements for the sale of advertising time on the Station in exchange for merchandise or services.

1.19 Trade Balance means the difference between the value of time owed pursuant to the Trade Agreements (valued in accordance with Seller's rate guidelines) and the aggregate value of goods and services to be received (after the date of calculation) pursuant to such Trade Agreements. The Trade Balance is negative if the value of time owed exceeds the value of goods and services to be received (after the date of calculation).

1.20 Other Definitions. Other capitalized terms used in this Agreement shall have the meanings ascribed to them herein. All accounting terms not specifically defined herein shall be construed in accordance with GAAP, except as otherwise provided herein.

ARTICLE II PURCHASE AND SALE OF THE BUSINESS ASSETS

2. Assets.

2.1 Purchased Assets. Subject to the terms and conditions of this Agreement, at the Closing (as defined below), Seller shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase, accept and receive from Seller, the following assets, properties and contractual rights of Seller (collectively the "Radio Business Assets"), except to the extent such assets, properties and contractual rights are expressly included in the Excluded Assets (as defined below):

(a) All furniture, fixtures, equipment, instruments, towers, transmitters and other tangible personal property used in or related to the Radio Businesses as of the Closing Date (as defined below);

(b) All supplies used in or related to the Radio Businesses, as located at the Business Site at the close of business on the Closing Date;

(c) The Station Licenses and all other transferable licenses, permits, and authorizations issued by any federal, state, or local regulatory agencies that are used in or necessary for the lawful operation of the Station;

- (d) the Station Equipment;
- (e) the Contracts;
- (f) the Promotional Rights
- (g) the Intangible Property
- (h) the Owned Real Property including the 6.87 acres on Camden Drive;
- (i) all accounts receivable;
- (j) the Business Records and all other assets of Seller used or useful in the operation of the Station.

(k) All of the rights of Seller arising after the Closing Date under the contracts related to the Radio Businesses set forth on **Schedule 2.1(e)** hereto (collectively the "Assigned Contracts");

(l) All websites, domain names and intellectual property owned by or associated with the Radio Businesses.

(m) All rights of Seller to use the current telephone numbers of the Radio Businesses and any related yellow page or other advertisements; and

(n) All other assets of whatever nature used in or related to the Radio Businesses as of the Closing Date, other than the Excluded Assets.

2.2 **Excluded Assets.** Notwithstanding anything herein to the contrary, the following assets of Seller are specifically excluded from the Radio Business Assets (collectively, the "Excluded Assets"):

(a) All cash on hand and on deposit with Seller prior to the execution of this agreement;

(b) All cash equivalents, including the cash value of any life insurance policies and investments in marketable securities;

(c) All contracts and contract rights and obligations of Seller (whether oral or in writing), other than the rights of Seller under the Assigned Contracts;

(d) Any books and records that pertain solely to the organization, existence, and capitalization of Seller;

(e) Seller's cash and cash equivalents on hand or in banks, certificates of deposit, money market funds, securities, and similar type investments; and Seller's insurance policies in effect on the date of this Agreement.

2.3 Assumed Liabilities. Buyer shall assume and pay or perform when due the obligations of Seller arising out of the radio station business operation after the Closing Date under the Assigned Contracts (collectively the "Assumed Liabilities"), which obligations arise in accordance with the terms of such Assigned Contracts after the Closing Date.

2.4 Retained Liabilities. Except for the Assumed Liabilities, Buyer shall not assume and Seller shall retain all liabilities or obligations directly or indirectly arising out of or related to the operation of the Radio Businesses on or prior to the Closing Date, whether such liabilities or obligations are known or unknown, disclosed or undisclosed, matured or unmatured, accrued, absolute or contingent (collectively, the "Retained Liabilities").

2.5 Prorations. The parties agree that all payments for 2013 property and ad valorem taxes, utility services, 2013 leasehold rentals and other customarily pro-ratable items relating to a period of time both prior to and subsequent to the Closing Date will be prorated between Buyer and Seller as of the close of business on the Final Closing Date. If the actual amount of any such item is not known on the Closing Date, then to the extent reasonably possible, the aforesaid proration shall be based on one hundred percent (100%) of the previous year's assessment of such item, and the parties agree to adjust said proration and pay any underpayment or reimburse for any overpayment within thirty (30) days after the actual amount becomes known. Settlement of any such items that are not able to be prorated at Final Closing shall occur within thirty (30) days after receipt of a request therefore accompanied by evidence reasonably satisfactory to the receiving party that such proration and payment is required hereunder.

2.6 Employees and Contractors of Seller. Seller shall terminate each of Seller's employees and contractors as of the close of business on the Closing Date. Buyer agrees to consider the former employees and contractors of Seller for positions with Buyer, provided that each such person meets the qualifications established by Buyer. It is expressly understood that Buyer shall not assume or be responsible for any severance or other benefit (including without limitation unused vacation, sick pay, unemployment benefits or other benefits) arising out of an individual's employment or engagement by Seller prior to the close of business on the Closing Date. Nothing contained herein shall be deemed to give any such individual a right of employment with Buyer, and Buyer shall not have any responsibility or obligation to retain, hire, employ or otherwise engage the services of any employees or contractors of Seller.

2.7 Purchase Price and Payment.

(a) In consideration of the sale, transfer, conveyance, assignment and delivery of the Purchased Assets, and in reliance upon the representations and warranties made herein by Seller, Buyer shall pay the Seller the sum of Eighty thousand dollars (\$80,000.00) (the "Purchase Price"). Subject to Section 2.7(c), the Purchase Price shall be payable to Seller by Buyer at Final Closing.

(b) The Purchase Price shall be allocated among the Radio Business Assets as set forth on **Schedule 2.7(b)** hereto, and said allocation is intended by Buyer and Seller to comply with Section 1060 of the Internal Revenue Code of 1986, as amended (the "Code"), and any Treasury Regulations. Buyer and Seller shall file Form 8594 with their respective federal income tax returns in a manner consistent with said allocation.

(c) Seller shall be responsible, at Seller's sole cost, for the payment in full of all debts, liens, security interests, judgments, delinquent property taxes and other encumbrances affecting the Radio Business Assets being purchased by the Buyer as of the close of business on the Closing Date. At Seller's request and direction, Buyer agrees to cause the Purchase Price otherwise payable to Seller on the Closing Date, to be paid directly to an Escrow Account in an FDIC insured bank for the payment in full of all debts, liens and other encumbrances affecting the Radio Business Assets. All payments due Seller under this Agreement shall be subject to offset in the amount equal to any sums paid by Buyer to third parties on behalf of Sellers with respect to the debts, liens and other encumbrances affecting title the Radio Business Assets as of the close of business on the Closing Date.

2.8 Consents and Approvals. The parties each agree to use commercially reasonable efforts to obtain the waiver, consent and approval of all persons or entities whose waiver, consent or approval is required in order to consummate the transactions contemplated by this Agreement, and to otherwise cause all conditions precedent to the obligations to close hereunder to be performed, satisfied and fulfilled on or prior to the Closing Date, and if not by such date, then as soon as possible thereafter.

2.9 Sale of Radio Business Site. Seller agrees to convey to Buyer the real property and improvements thereon located at Camden Drive, Anderson, SC 29625 pursuant to the terms of a General Warranty Deed; said conveyance to be free and clear of any judgments, tax liens, county property taxes and other encumbrances other than rights-of-way of record.

2.10 Contingencies. This Agreement, and the transfers contemplated herein, is contingent upon the following:

- (a) Buyer's contemporaneous acquisition of all Radio Business Assets;
- (b) Approval by the Federal Communication Commission by Final Order of the assignment to Buyer of all FCC licenses necessary to operate the Radio Businesses; and,
- (c) Issuance of a Final Order by the Master-in-Equity for Anderson County, South Carolina, in Civil Action # 2012-CP-04-01965 approving the sale to the Buyer of the Radio Stations' Business Assets pursuant to this Agreement free and clear of all claims, liens, security interests, and encumbrances of all persons whatsoever which affect the Radio Stations' Business Assets being purchased by the Buyer.

FCC APPLICATIONS

2. Filing Of FCC Application and Expenses

2.1 FCC Application. Seller and Buyer agree to proceed as expeditiously as practicable, and in no event later than ten (10) days from execution hereof, to file an application requesting FCC consent to the transactions set forth herein (the "Application"). Buyer and Seller will prosecute the Application in good faith and with due diligence. Each Company, Buyer and the Seller will be responsible for their respective expenses incurred in the negotiation of this Agreement and the preparation, filing and prosecution of the Application, except as otherwise specifically provided herein. The FCC filing fees for the Application shall be paid by the Seller.

2.2 Termination by Action or Non-Action of FCC. If the consent of the FCC is not evidenced by a Final Order within nine (9) months of the filing of the Application or if the FCC has designated the assignment application for a hearing, either Seller or Buyer may terminate this entire Agreement upon ten (10) days' written notice to the other, provided that the party seeking to terminate is not in default hereunder and has satisfied any and all requests by the FCC for additional information directly connected with the Application.

ARTICLE III CLOSING

3. Closing

3.1 Time and Place of Closing. The Final Closing Date and time shall be fixed by Buyer by giving at least five (5) days' written notice thereof to the Sellers. Unless adjusted by mutual agreement of the parties, the Date of Closing shall not be more than seven (7) business days after the following have occurred: (a) the FCC's grant of the FCC assignment applications for each of the Stations listed in the recitals to this Agreement, WRIX AM & FM and WANS, hereof, shall have become a Final Order; (b) the Master-in-Equity for Anderson County, S.C. shall have approved the sale of the Assets by Seller to Buyer by a formal written Final Order filed with the Clerk of Court and the time for any appeal has passed; (c) all liens, judgments, security interests, past due property taxes, FCC fees, penalties and/or assessments have been paid in full by the Sellers and that Sellers shall provide Buyer with written documentation to the Buyer confirming that these items have been paid from the Escrow Account. The place of Closing will be at the offices of Harold P. Threlkeld, Esquire or at such other location as the parties may mutually agree. The date of the Closing is referred to herein as the "Closing Date."

4.2 Deliveries by Seller at Closing. At the Closing, Seller shall deliver or cause to be delivered to Buyer the following:

- (a) Such bills of sale, assignments and other instruments of conveyance (in form and substance that is satisfactory to the Buyer) as may be necessary or appropriate to effectively vest in the Buyer good and marketable title to the Radio Business Assets being purchased;

(b) Such instruments of assignment and assumption (in form and substance that is reasonably satisfactory to the Buyer and Seller) as may be necessary or appropriate to effectively transfer and assign the Assigned Contracts, including but not limited to an Instrument of Assignment and Assumption;

(c) One or more assignments transferring to Buyer all of the interests of Seller in and to the Station Licenses, and all other licenses, permits, and authorizations issued by any federal, state, or local regulatory agencies that are used in or necessary for the lawful operation of the Station.

(d) A fee simple deed in a form suitable for recording, conveying good marketable title to the Real Property, subject to no mortgages, liens, judgments, delinquent property taxes, pledges or encumbrances on said real estate, except easements and restrictions of record.

(e) Such consents and approvals of third parties as may be necessary or appropriate to effectively transfer and assign the Assigned Contracts;

(f) The General Warranty Deed, in a form suitable for recording, conveying good and marketable title to the Owned Real Property, subject to no mortgages, liens, judgments, delinquent property taxes, pledges or encumbrances except easements and restrictions of record, duly executed and delivered to the Buyer; and

(g) Such other documents as are required pursuant to this Agreement or as may reasonably be requested by Buyer.

3.2 Deliveries by Buyer. At the Closing, Buyer shall deliver or cause to be delivered to Seller the following:

(a) The Purchase Price, as set forth in Section 2.7(a) above;

(b) Such instruments of assignment and assumption (in form and substance that is reasonably satisfactory to the Buyer and Seller) as may be necessary or appropriate to effectively transfer and assign the Assigned Contracts, including but not limited to the Instrument of Assignment and Assumption; and

(c) (c) Such other documents as are required pursuant to this Agreement or as may reasonably be requested by Seller.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Buyer as follows:

4.1 Power and Authority. Seller has the power, capacity and authority to execute and deliver this Agreement, to perform hereunder, and to consummate the transactions contemplated hereby, all without the necessity of any act or consent of any other person or entity other than the FCC, whose consent will be obtained pursuant to the Application, and the Court. Subject to the foregoing FCC and Court consents, this Agreement and each document referenced herein upon due execution by the parties thereto will constitute a legal, valid and binding obligation of Seller and the Company, enforceable in accordance with their terms. Neither the execution nor the delivery of this Agreement nor the consummation of the transactions contemplated hereby will violate any provision of any agreement or contract to which the Seller or Company is a party or by which the Seller or Company is bound. This Agreement and each and every agreement, document and instrument to be executed, delivered and performed by Seller in connection herewith constitute or will, when executed and delivered, constitute the valid and legally binding obligations of Seller, enforceable against Seller in accordance with their respective terms.

4.2 FCC Licenses. All of the licenses, permits and other authorizations needed for and issued by the FCC or other governmental agencies to the Company for its present operation of the Stations are in full force and effect and are free and clear of any restrictions that are reasonably likely to materially limit the full operation of the Stations as presently authorized. Sellers warrant that there are no applications, proceedings or material complaints pending before the FCC or before any other body that may adversely affect the financial condition, business or operations of the Stations.

4.3 Title to and Condition of Radio Business Assets. Each piece of equipment and furniture included in the Radio Business Assets is sold "AS IS, WHERE IS" with no warranties whatsoever other than the warranty of title. ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE ARE HEREBY DISCLAIMED. Except pursuant to this Agreement, Seller is not a party to any contract or obligation whereby an absolute or contingent right to purchase, obtain or acquire any rights in any of the Radio Business Assets have been granted to anyone.

4.4 Title to Real Property. The real property located on Camden Drive, Anderson, South Carolina and improvements thereon that constitute a Radio Business Site is owned by the Seller who will convey good fee simple marketable title by a General Warranty Deed.

4.5 Utilities. All utilities that are required for use of the Real Property for the purposes for which it is presently used are in working order. Seller warrants that there are no "tie-in" charges or connection fees related to the Purchased Assets.

4.6 Environmental Compliance. To the best of Sellers' knowledge, there are not presently any Hazardous Substances, nor have any Hazardous Substances ever been treated, stored, released or disposed of on any property being transferred or leased by the Sellers to the Buyer, including, but not limited to asbestos, any underground storage tanks, or any other

substance or condition in violation of all applicable state or federal Environmental Laws or regulations, nor in violation of the National Programmatic Agreement Section 102 of the National Historic Preservation Act.

4.7 Books and Records. Sellers shall allow Buyer to inspect and copy any and all business records that relate to the operation and management of the radio stations.

4.8 Statements True and Correct. No representation or warranty made by Seller in this Agreement or in written statement, certificate, list, summary, or other document provided to or to be furnished to Buyer pursuant hereto or in connection with the transactions contemplated hereby contains or will contain any untrue statement of material fact or omits or will omit to state any material fact which is necessary to make the statements contained herein and therein not misleading.

4.9 Brokers' Fees. Seller has no liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller as follows:

5.1 Organization and Standing. Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of South Carolina, with full power and authority to own, lease and operate its properties and to conduct its business in the manner and in the places where such properties are owned or leased or such business is conducted by it.

5.2 Power and Authority. Buyer has the power, capacity and authority to execute and deliver this Agreement, to perform hereunder, and to consummate the transactions contemplated hereby, all without the necessity of any act or consent of any other person or entity. This Agreement and each and every agreement, document and instrument to be executed, delivered and performed by Buyer in connection herewith constitute or will, when executed and delivered, constitute the valid and legally binding obligations of Buyer, enforceable against Buyer in accordance with their respective terms, except as enforceability may be limited by applicable equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws from time to time in effect affecting the enforcement of creditors' rights generally.

5.3 Litigation and Claims. There are no claims, lawsuits, actions, arbitrations, or administrative or other proceedings pending against Buyer with respect to its business of radio broadcasting; (b) to the knowledge of Buyer, no such claim, lawsuit, action, arbitration, or administrative or other proceeding is threatened; (c) there are no governmental or administrative investigations or inquiries pending that specifically involve Buyer; and (d) there are no judgments against or consent decrees binding on Buyer with respect to its Business.

5.4 Independent Evaluation. Buyer is purchasing the Radio Businesses based on Buyer's own judgment and evaluation and not solely on the representations and warranties made by Seller. Buyer acknowledges that Seller's past results do not guarantee future performance and that any fluctuation of post sale income and expenses are beyond the control of Seller.

5.5 No Violations. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated hereby will not, violate any provision of the Articles of Incorporation or the Bylaws of Buyer, or violate or constitute an occurrence of default under any provision of, or conflict with, or result in acceleration of any obligation under, or give rise to a right by any party to terminate its obligations under, any mortgage, deed of trust, conveyance to secure debt, note, loan, lien, lease, contract, agreement, instrument, or any order, judgment, decree or other arrangement to which Buyer is a party or is bound.

5.6 Statements True and Correct. No representation or warranty made by Buyer in this Agreement or in written statement, certificate, list, summary, or other document provided to or to be furnished to Seller pursuant hereto or in connection with the transactions contemplated hereby contains or will contain any untrue statement of material fact or omits or will omit to state any material fact which is necessary to make the statements contained herein and therein not misleading.

5.7 Brokers' Fees. Buyer has no liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement.

ARTICLE VI CONDITIONS OF CLOSING

6. Conditions Precedent:

6.1 Mutual Conditions. The obligation of Seller and Buyer to consummate this Agreement are subject to the satisfaction of each of the following conditions:

(a) FCC Consent: The FCC shall have granted the Assignment Application and such grant shall have become a Final Order of the FCC, and such grant shall be in full force and effect on the Closing Date and the Master-in-Equity shall have issued its Final Order approving the sale to Buyer of the Radio Stations' Business Assets as provided herein, and such approval shall no longer be subject to reconsideration, review or appeal. The Closing Date may occur prior to the grant having become a Final Order should Buyer, in its sole discretion, so elect.

(b) Absence of Litigation. As of the Closing Date, no action, suit or proceeding seeking to enjoin, restrain, or prohibit the consummation of the transaction contemplated by this Agreement shall be pending before any court or the Commission or any other governmental body or authority.

6.2 Buyer's Obligations: The obligations of Buyer with each of the following terms and conditions at or prior to the Closing Date:

(a) Payment of Purchase Price; Delivery of Documentation. Buyer shall have paid the Purchase Price as set forth in Section 2.7(a) above. Buyer shall deliver to Sellers or their attorney signed originals of a Note and/or Personal Guaranty as necessary for the consummation of this Asset Purchase Agreement or, alternatively shall deposit the purchase price to be held in an Escrow Account until final closing.

(b) Accuracy of Representations by the Parties. The representations and warranties of both the Buyer and the Sellers shall be true and correct in all material respects up to and including the Closing Date with the same force and effect as if made on this date.

ARTICLE VII COVENANTS

7. Covenants. The Seller and the Buyer each covenant, as applicable, the following:

7.1 Control of Station. Buyer shall not, prior to FCC Consent, directly or indirectly control, supervise or direct the operations of the Station. It is expressly understood that the ultimate responsibility, control and supervision of all operations of Station including programs, employees and policies remains the sole responsibility of Seller until the Closing Date.

7.2 Consents to Assignments of Contracts. Seller shall obtain, through its own efforts and at its own expense, full authority and consents from each of the parties from which it has rights and obligations in and under contracts, agreements, leases, commitments, understandings, rights and interests listed in Schedule 2.2 for an assignment of such to Buyer.

7.3 Cooperation. Seller and Buyer shall cooperate fully with each other in taking any action, including actions to obtain the required consent of any governmental agency, the Court or of any third party, necessary or helpful, to accomplish the transactions contemplated by this Agreement.

7.4 Governmental Consents. The assignment of the Station's Authorizations is subject to the prior consent and approval of the FCC ("FCC Consent") and is expressly conditioned upon the grant of FCC Consent. No later than five (5) business days after the execution of this Agreement, each of the Buyer and Seller will be ready, willing and able to file their respective portions of an FCC Form 314 application seeking the FCC Consent to an assignment of the Station's Authorizations and shall diligently and expeditiously prosecute, and shall cooperate fully with each other in the prosecution of, such application. Promptly following the execution of this Agreement, the parties will join together in filing with the appropriate governmental authorities any other requests for approval or waiver that are required in connection with the transactions contemplated hereby, and shall jointly, diligently and expeditiously prosecute, and shall cooperate fully with each other in the prosecution of, such

requests for approval or waiver and in all proceedings necessary to secure such approvals or waivers.

7.5 Additional Documents. Each party covenants that at any time, and from time to time, at and after the Closing Date, it will execute such additional instruments and take such actions as may be reasonably requested by the other party to confirm or perfect or otherwise to carry out the intent and purposes of this Agreement. At Closing, or at the request of Buyer at any time or from time to time thereafter, Seller shall execute and deliver to Buyer such other instruments of conveyance and transfer as shall be necessary to vest good and marketable title, free and clear of all liens, judgments or encumbrances, to any and all of the Radio Stations' Business Assets.

7.6 Access & Inspection. From and after the execution of the Agreement, each party shall cooperate with the other party by providing and granting access to such other party (upon reasonable request) to all Radio Business Assets and such records, documents, account information, customer lists, usernames, passwords and other information regarding the Radio Businesses. Any such access shall not unreasonably interfere with the operation of the Radio Businesses. Each party also agrees to make reasonably available to the other party any necessary records or documents in the possession of such party following the Closing Date which are necessary to defend any claim brought against such other party or to respond to any inquiry by any state or federal governmental agency.

7.7 Document and Payment Escrow. Upon the execution of this Agreement, the Buyer shall tender the sales price to Clifford Bowman, Escrow Agent, who will deposit the purchase price into an Escrow Account at an FDIC insured bank with the understanding that the monies in the Escrow Account shall be used to satisfy any tax liens, judgments, or encumbrances on the Radio Station's Business Assets which are being purchased by the Buyer;

(a) Bills of Sale, Assignments and other documents provided for in this Asset Purchase Agreement.

7.8 Payment and Escrow. Upon the execution of this Agreement:

(a) All consideration shall be paid into the Escrow Account shall be in cash or cash equivalent as provided for in Section 9.1 of this Asset Purchase Agreement.

7.9 Further Assurances. Seller and Buyer shall cooperate and take such actions and execute such documents prior to and at the Closing or subsequently as may be reasonably requested by the other party in order to carry out the provisions and purposes of this Asset Purchase Agreement.

7.10 Closing of the Transaction Out of Escrow Upon Finality of FCC Consent. Upon written receipt of FCC approval and consent to the assignment of the FCC Licenses to the Buyer by Final Order and upon the approval of the sale of the Radio Stations' Business Assets by the Master-in-Equity for Anderson County by a filed Final Order, the remaining monies in the Escrow Account shall be released to the Seller and all related documents being held in escrow shall be delivered to the recipient parties upon the receipt of an opinion letter signed by an attorney who regularly practices before the Federal Communications Commission stating that:

Undersigned counsel is licensed to practice law before the highest court of [state or District of Columbia] and regularly practices communications law before the Federal Communications Commission. The application seeking the consent of the Federal Communications Commission for the assignment of the license of WRIX-AM from Seller to Buyer has been approved by the Federal Communications Commission, and such approval has become a Final Order.

ARTICLE VIII INDEMNIFICATION

8. Indemnification

Indemnification by Sellers.

10.1: Sellers agree to indemnify Buyer from any and all claims, liens, security interests or encumbrances that are asserted against any of the Radio Stations' Business Assets following the Closing that pertain to matters arising prior to the Closing. In the event that any claim, lien, judgment, security interest or encumbrance that arose out of or pertained to any matter that occurred or arose prior to the Closing (a "Claim") is asserted against any of the Radio Business Assets following the Closing for which Sellers shall have failed or refused to indemnify Buyer, then Buyer shall have the right (but not the responsibility) to pay, satisfy, discharge, or obtain the release of such Claim against the affected Radio Business Assets, whereupon Buyer shall thereupon and thereafter have the right to offset the amounts paid on account of such Claim against the next succeeding payments coming due upon or under the ~~Promissory Note and/or Guaranty~~ until such time as the sums paid by the Buyer on account of the Claim have been fully offset against Buyer's payment obligations under the ~~Promissory Note and/or Guaranty~~. *ESION AGREEMENT*

ESION AGREEMENT

10.2 Notice, Cooperation and Opportunity to Defend. In the event that the Internal Revenue Service or the S.C. Department of Revenue give the Sellers, their agents, accountants, CPAs or attorneys, notice of any claim or notice of attempted execution of any tax liens against the real or personal property being conveyed, leased or sold to the Buyer, then, in that event, the Buyer shall be given written notice of such action to Buyer's address shown below no later than ten (10) days upon receipt or notice of such action by the taxing authorities, their agents or examiners.

**ARTICLE IX
DAMAGE AND RISK APPORTIONMENT**

9. Risk of Loss. The risk of loss or damage to the Purchased Assets shall be upon Sellers at all times prior to Closing. In the event of material loss or damage, Seller shall promptly notify Buyer thereof and use its best efforts to repair, replace or restore the lost or damaged property to its former condition as soon as possible. If such repair, replacement, or restoration has not been completed prior to the Closing Date, then Buyer may, at its option:

9.1 elect to consummate the Closing in which event Sellers shall assign to Buyer all of Sellers' rights under any applicable insurance policies and shall pay to Buyer the aggregate amount of any deductibles pertaining thereto; or

9.2 elect to postpone the Closing Date for a period determined by Buyer of up to ninety (90) days, with prior consent of the Commission, if necessary, to permit Seller to make such repair, replacement, or restoration as is required to return the lost or damaged property to its former condition and to restore the Station's listeners and advertisers. If, after the expiration of the extension period granted by Buyer, the lost or damaged property has not been adequately repaired, replaced or restored, and the business not restored, Buyer may terminate this Agreement, and the parties shall be released and discharged from any further obligation hereunder.

For purposes of this Section, loss or damage shall be deemed "material" if the reasonable cost to repair, replace, or restore the lost or damaged property exceeds Twenty-Five Thousand Dollars (\$ 25,000.00) or if it prevents a Station from operating at its full licensed parameters.

9.3 Failure of Broadcast Transmission. Sellers shall give prompt written notice to Buyer if: (a) regular broadcast transmissions of a Station in the normal and usual manner are interrupted or discontinued; or (b) a Station is operated at less than its licensed antenna height above average terrain or at less than ninety percent (90%) of its licensed effective radiated power. If Seller cannot restore normal and usual transmissions at the licensed operating parameters within seventy-two (72) hours (with the Closing Date to be extended if necessary), or if there are four (4) or more such events prior to the Closing Date each lasting more than eight (8) hours, Buyer may, at its option: (a) terminate this Agreement, or (b) proceed in the manner set forth in Section 12.1 or 12.2. In the event of termination of this Agreement by Buyer pursuant to this Section, the Escrow Accounts shall be returned to the Buyer in full and the parties shall be released and discharged from any further obligation hereunder.

ARTICLE X SURVIVAL

10. All representations, warranties, agreements, covenants and obligations made or undertaken in this Agreement or in any document or instrument executed and delivered pursuant hereto shall survive the Closing hereunder, and shall not merge in the performance of any obligation by any party hereto.

ARTICLE XI GENERAL PROVISIONS

11. General Provisions

11.1 Fees and Expenses. Each of the parties will bear its own expenses in connection with the negotiation and the consummation of the transactions contemplated by this Agreement.

11.2 Notices. All notices, requests, demands and other communications hereunder shall be given in writing and shall be delivered by hand or mailed by registered or certified mail, return receipt requested, first class postage prepaid, or overnight courier, addressed as follows:

If the notice is to Buyer:

Ervin Broadcasting, LLC
c/o Tom J. Ervin
P.O. Box 10693
Greenville, SC 29603
tomervin@bellsouth.net

If the notice is to Seller:

Clifford H. Bowman, CPA
5367 Highway 24
Anderson, SC 29625

With a copy (which shall not constitute notice to Seller) to:

David Tillotson, Esq.
Law Office of David Tillotson
4606 Charleston Terrace, N.W.
Washington DC 20007-1911
(202) 625-6241 (Business)
(202) 965-2018 (Business Fax)
Dtlaw@starpower.net

Harold P. Threlkeld, Esquire
P.O. Box 1385
Anderson, SC 29622-1385
(864)226-1305
(864) 226-1685 (business fax)
hptatty@bellsouth.net

If delivered personally, the date on which a notice, request, instruction or document is delivered shall be the date on which such delivery is made and, if delivered by mail, the date on which such notice, request, instruction or document is received shall be the date of delivery. Any party hereto may change its address specified for notices herein by designating a new address by notice in accordance with this Section.

11.3 Assignability. This Agreement is not assignable by any party without the prior written consent of the other party.

11.4 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, executors, administrators, successors and assigns.

11.5 Headings; Terminology. The section and other headings in this Agreement are inserted solely as a matter of convenience and for reference, and are not a part of this Agreement. All personal pronouns used in this Agreement, whether used in the masculine, feminine, or neuter gender, shall include all other genders, and, the singular shall include the plural, and vice versa.

11.6 Time of Essence. Time is of the essence in this Agreement.

11.7 No Third Party Beneficiaries. This Agreement is made solely and specifically between and for the benefit of the parties hereto, and their respective successors and assigns, subject to the express provisions hereof relating to such entities, and no other person, individual, corporation or entity, whatsoever, shall have any rights, interests, or claims hereunder or be entitled to any benefits under or on account of this Agreement as a third party beneficiary or otherwise.

11.8 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina without giving effect to any choice or conflict of law provision or rule (whether of the State of South Carolina or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of South Carolina.

11.9 Post-Closing Cooperation. Buyer and Seller mutually agree that they will cooperate with each other after the Closing with respect to any investigation or audit by the Internal Revenue Service or other governmental agency and in order to fulfill the intent of the transactions described herein. The parties hereto each agree to execute and deliver such other documents, certificates, agreements, and other writings and to take such other actions as may be necessary or desirable in order to consummate or implement expeditiously the transactions contemplated by this Agreement.

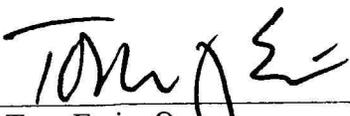
11.10 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same, and shall become effective when one or more counterparts have been signed by each party and delivered to the other party. In addition, this Agreement may contain more than one counterpart of the signature page and this Agreement may be signed by the affixing of the signature of each party to one of such counterpart signature pages; all of such counterpart signature pages shall be read as though one, and they shall have the same force and effect as though all of the signers had signed a single signature page.

IN WITNESS WHEREOF, this Agreement has been executed as of the day and year first above written.

Seller:
A. M. 1020, INC. BY CLIFFORD H. BOWMAN, ITS RECEIVER

BUYER:
ERVIN BROADCASTING, LLC


By: Clifford H. Bowman


By: Tom Ervin, Owner

WE CONSENT, AGREE TO BE BOUND HEREBY, AND TO EFFECTUATE OR CAUSE TO BE EFFECTUATED TRANSFERS SET FORTH HEREIN.

**TO BE EFFECTUATED TRANSFERS SET FORTH HEREIN.
PHILLIPS MEDIA, LLC**

