

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the "Agreement") is made this 29 day of July, 2010, by and between James M. Lout, an individual resident of the State of Texas ("Buyer") and Aleluya Christian Broadcasting, Inc., a Texas non-profit corporation ("Seller").

WITNESSETH:

WHEREAS, Seller is the holder of the Federal Communications Commission ("FCC") licenses and authorizations for the operation of FM Translator station K272EB, Woodville, Texas, FCC Facility Identification Number 147278, (the "Station"); and

WHEREAS, the Station is currently capable of operation on Channel 272, and the Seller holds the license that has been issued and is in good standing for the operation of the Station on that Channel; and

WHEREAS, in accordance with applicable FCC requirements, Seller wishes to sell and assign the License and certain assets related to the License (collectively, the "Station Assets") to Buyer and Buyer wishes to buy and acquire the Station Assets from Seller;

NOW THEREFORE, in consideration of the foregoing and of the mutual agreements and covenants contained herein, the parties, intending to be legally bound, agree as follows:

1. **Purchase and Sale of Assets.** Subject to the terms and conditions set forth below, Seller agrees to assign, sell and Closing to Buyer, and Buyer agrees to purchase from Seller, the following assets:

(a) the License and any and all other FCC authorizations pertaining to the Station, as more fully described on Schedule 1(a) hereto; **and**

(b) any and all pending applications before the FCC which relate to the Station and associated assets.

2. **Purchase Price and Payment.**

(a) The purchase price for the Station Assets shall be Five Thousand Dollars (\$5,000.00) (the "Purchase Price") to be paid at Closing. Within ~~ten (10)~~ ⁷² days after the date of this Agreement, Buyer and Seller shall file the FCC Application (as defined in Section 6 herein).

(b) Seller and Buyer each represent and warrant to the other that neither Buyer nor Seller has engaged any broker, finder or agent in connection with the transactions contemplated by this Agreement.

(c) Buyer will pay all FCC filing fees, and pay all legal fees in connection with this transaction, using counsel selected by Buyer.

3. **Representation and Warranties of Seller.** Seller hereby represents and warrants to Buyer as follows:

3.1 **Organization, Standing and Qualification.** Seller is a non-profit corporation and has all requisite power and authority to enter into this Agreement and the other documents and instruments to be executed and delivered by Seller and to carry out the transactions contemplated hereby and thereby.

3.2 **Authorization and Binding Obligation.** The execution, delivery and performance of this Agreement and the other Transaction Documents (as defined in Section 7(d)) by Seller have been and will be duly and validly authorized by all necessary action on the part of Seller. This Agreement has been duly signed and delivered by Seller and constitutes the legal, valid and binding obligations of Seller, enforceable in accordance with its terms, except as the enforceability may be affected by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, and by judicial discretion in the enforcement of equitable remedies.

3.3 **Good Title: No Liens.** Seller holds good and valid title to the License free and clear of all liens and security interests, and is the sole and exclusive licensee and holder of such assets. If Closing occurs, then upon the payment of the Purchase Price, Buyer will acquire title to the Station Assets, free and clear of all liens and security interests.

3.4 **Absence of Violation, Conflicting Agreements.** The execution, delivery and performance of this Agreement by Seller (with or without the giving of notice, lapse of time, or both): (i) do not require the consent of any third party other than the FCC; (ii) do not violate any existing applicable law, judgment, order, injunction, decree, rule, regulation, ordinance or ruling of any court or governmental authority; (iii) will not conflict with, constitute grounds for termination of, result in a breach of, constitute a default under, or accelerate or permit the acceleration of any performance required by the terms of any agreement, instrument, license or permit to which Seller is a party or by which Seller may be bound; and (iv) will not create any claim, liability, lien, condition, charge or encumbrance of any nature whatsoever upon any of the Station Assets.

3.5 **FCC and Governmental Matters.**

(a) Seller is the sole holder of the License identified in Schedule 1(a), and at Closing (as defined) will be, in full force and effect and has not been revoked, suspended, canceled, rescinded, terminated or modified and has not expired. Seller warrants that as of the date of this Agreement, and as of the Closing Date, the Station is built and operated as specified in the License. Seller has no other authorizations, construction permits or licenses issued by the FCC pertaining to the Station save for those referred to herein. To Seller's knowledge, there are no applications pending before the FCC for modification of the License except for applications which have been disclosed to Buyer. To Seller's knowledge, there is no pending or threatened action before the FCC to revoke, suspend, cancel, rescind or modify the License or Permit (other than proceedings to amend FCC rules of general applicability). To Seller's knowledge there is not now issued, pending, outstanding, or threatened, by or before the FCC, any order to show

cause, notice of violation, notice of apparent liability, or notice of forfeiture or complaint against Seller, the Station or the License. Seller is aware of no facts and has received no notice or other communication from the FCC indicating that Seller is not in compliance in all material respects with all applicable requirements of the FCC relative to the Station.

(b) All regulatory fees, reports and other filings required to be filed with the FCC by Seller have been timely filed. All such reports and filings are accurate and complete in all material respects.

(c) Seller is, in all material respects, in compliance with all requirements of law, federal, state and local, and all requirements of governmental authorities having jurisdiction over it relative to the operation of Station.

3.6 **Liabilities.** As used in this Agreement, the term "Liability" means and includes any direct or indirect indebtedness, guaranty, endorsement, claim, cause of action, loss, damage, deficiency, cost, expense, obligation or responsibility, fixed or unfixed, known or unknown, asserted or unasserted, liquidated or unliquidated, secured or unsecured. To Seller's knowledge, except for periodic obligations to pay FCC fees (which are not in arrears), the Station Assets are not subject to Liabilities of any kind. The Seller has no knowledge of any circumstances, condition, events or arrangements, contractual or otherwise, which may give rise to Liabilities for the Seller or relating to the Station Assets or to which any of the Station Assets may be subject either prior to or after the Closing Date.

3.7 **Absence of Litigation.** To Seller's knowledge, there is no suit, action, proceeding or investigation now pending or threatened before any federal, state or local court, grand jury, administrative or regulatory body, arbitration or mediation panel or similar body, against Seller in any way involving or relating to the Station Assets, or which may result in any judgment, order, decree, liability, award or other determination which will, or could, have any material adverse effect upon any of the Station Assets, nor to the knowledge of Seller are there any grounds therefor. To Seller's knowledge, there is no order, judgment or decree of any court or governmental agency, or any circumstances that could be reasonably expected to result in any such order, judgment or decree, enjoining Seller from selling and Assigning the permit or any of the Station Assets to Buyer pursuant to this Agreement.

3.8 **Absence of Contracts.** Seller is not a party to or bound by any written, oral or implied contract, agreement, lease, power of attorney, guaranty, surety arrangement or other commitment relating in any way to the Station License or Permit.

3.9 **Disclosure.** No representation or warranty by Seller in this Agreement, nor any statement, certificate, schedule, document or exhibit hereto furnished or to be furnished by on or behalf of Seller pursuant to this Agreement or in connection with the transactions contemplated hereby, contains or shall contain any untrue statement of material fact or omits or shall omit a material fact necessary to make the statements contained therein not misleading.

4. **Representations and Warranties of Buyer.** Buyer represents and warrants to Seller as follows:

4.1 **Organization and Standing.** Buyer has all requisite power and authority to enter into this Agreement and the other documents and instruments to be executed and delivered by Buyer and to carry out the transactions contemplated hereby and thereby.

4.2 **Authorization and Binding Obligation.** This Agreement has been duly signed and delivered by Buyer and constitutes the legal, valid and binding obligations of Buyer, enforceable against him in accordance with its terms, except as the enforceability may be affected by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, and by judicial discretion in the enforcement of equitable remedies. Buyer is financially qualified to perform, and can perform, any and all obligations hereunder.

4.3 **Absence of Violation, Conflicting Agreements.** Buyer's execution, delivery and performance of this Agreement (with or without the giving of notice, lapse of time, or both): (i) do not require the consent of any third party other than the FCC; (ii) will not violate any applicable law, judgment, order, injunction, decree, rule, regulation, ordinance or ruling of any court or governmental authority; and (iii) will not conflict with, constitute grounds for termination of, result in a breach of, constitute a default under, or accelerate or permit the acceleration of any performance required by the terms of any agreement, instrument, license or permit to which Buyer is a party or by which Buyer may be bound, such that Buyer could not acquire the Station Assets.

4.4 **Absence of Litigation.** There is no suit, action, proceeding or investigation pending or, to Buyer's knowledge, threatened before any federal, state or local court, grand jury, administrative or regulatory body, arbitration, or mediation panel or similar body, to which Buyer is a party, which seeks to enjoin or prohibit or otherwise to question the validity of any action taken or to be taken by Buyer pursuant to or in connection with this Agreement.

4.5 **Disclosure.** No representation or warranty by Buyer in this Agreement, nor any statement, certificate, schedule, document or exhibit hereto furnished or to be furnished by or on behalf of Buyer pursuant to this Agreement or in connection with the transactions contemplated hereby, contains or shall contain any untrue statement of material fact or omits or shall omit a material fact necessary to make the statements contained therein not misleading.

5. **Covenants of Seller.** Between the date hereof and the Closing Date, except as contemplated by this Agreement or with the prior written consent of Buyer, Seller hereby covenants and agrees:

(a) to use reasonable commercial efforts to perform all acts necessary to carry out the transactions contemplated by this Agreement and not to: (i) sell, transfer or encumber any of the Station Assets; or (ii) perform any acts within its control that are inconsistent with its representations, warranties, covenants and agreements set forth herein, provided, however that any changes made to the License or Permit or any actions taken pursuant to the facilities specified in the Permit shall be made at Buyer's sole expense;

(b) to notify Buyer promptly of the commencement or threat of any claim, suit,

action, arbitration, legal, administrative or other proceeding, governmental investigation or tax audit against (i) Seller or (ii) any other party that relates in any way to, or that could reasonably be expected to affect the Station License;

(c) to cooperate fully with Buyer in taking any and all actions necessary or desirable for the consummation of the transactions contemplated by this Agreement; and

(d) upon Buyer's request and at Buyer's sole expense, to file an application or applications or to give written consent to Buyer filing an application or applications with the FCC for modification of the transmitting facilities of the Station.

6. Joint Covenants.

6.1 Cooperation. Buyer and Seller shall cooperate fully with each other and their respective counsel in connection with any actions required to be taken as part of their obligations under this Agreement, including the filing of an application (the "FCC Application") with the FCC, and the defense against any petition to deny or any informal objection filed against the FCC Application. The parties will use reasonable commercial efforts to consummate the transactions contemplated hereby and to fulfill their obligations hereunder, provided that except as expressly provided herein Seller will not be required to incur any expense in doing so. No party shall take any action that is inconsistent with its obligations hereunder, that would render any of its representations or warranties herein untrue or incomplete or that could hinder or delay the foregoing. Counsel for Buyer shall prepare the FCC Application, which as noted shall be filed with the FCC within ten (10) business days after the date of this Agreement.

6.2 Exclusivity. Seller and Buyer agree to keep the terms of this Agreement strictly confidential, and Seller further agrees that, unless and until this Agreement is terminated pursuant to Section 10 hereof, it will not, directly or indirectly, solicit, initiate, encourage or participate in any negotiations or discussions regarding any sale or contingent sale of any or all of the Assets to any party other than Buyer.

7. Seller's Deliveries at Closing. At Closing, Seller shall deliver or cause to be delivered to Buyer the following:

(a) A Certificate, dated as of the Closing Date and signed by Seller to the effect that (i) all representations and warranties of Seller contained in this Agreement, the Bill of Sale, the Transaction Documents, or in any exhibit, schedule, certificate or other document delivered pursuant hereto, shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as if made on and as of that date, and (ii) all of the terms, covenants and conditions to be complied with and performed by the Seller on prior to the Closing Date shall have been complied with or performed in all material respects;

(b) An original copy of the License, together with a copy of the FCC's consent to assignment of the License to Buyer or its assignee, and all other files, records and correspondence pertaining to the License or the Station in Seller's possession;

(c) Written evidence reasonably satisfactory to Buyer of the Closing of title to the License and the Station Assets; and

(d) A Bill of Sale, and other such documents or instruments as Buyer may reasonably request to carry out the transaction contemplated by this Agreement. For purposes of this Agreement, all such documents are defined as the "Transaction Documents".

8. Buyer's Deliveries at Closing. At Closing, Buyer shall deliver or cause to be delivered to Buyer the following:

(a) A Certificate, dated as of the Closing Date and signed by an executive officer of Buyer, to the effect that (i) all representations and warranties of the Buyer contained in this Agreement, or in any exhibit, schedule, certificate or other document delivered pursuant hereto, shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as if made on and as of that date, and (ii) all of the terms, covenants and conditions to be complied with and performed by Buyer on or prior to the Closing Date shall have been complied with or performed in all material respects; and

(b) The purchase price as provided in Section 2 hereof by check or wire transfer of immediately available funds.

9. Closing.

9.1 Time and Place. The Closing of the Station Assets by Buyer from Seller ("Closing") will take place at a location the parties may mutually specify and may be within ten (10) days following the date on which the FCC Consent becomes a Final Order, or at such other time and place (following FCC approval of the Assignment) as the parties may mutually agree (such date, the "Closing Date"). As used herein a Final Order means a written action or order issued by the FCC setting forth the grant or FCC consent (a) which has not been reversed, stayed, enjoined, annulled or set aside, and (b) with respect to which no requests have been filed for administrative or judicial review, reconsideration, appeal or stay, and the time for filing any such requests and for the FCC to set aside or suspend the action on its own motion has expired.

10. Termination.

10.1 Termination by Buyer. Buyer may terminate this Agreement if not then in material default, upon written notice to Seller upon the occurrence of any of the following:

(a) If FCC approval is denied or approval has not been received within six months for any reason from the date the FCC Application is filed; or

(b) If the Seller materially defaults in the observance or in the due and timely performance of any of its material covenants or agreements contained herein and such default has not been cured within ten (10) days after written notice by the Buyer. In either case, Buyer's sole remedy is specific performance.

10.3 **Termination by Seller.** Seller may terminate this Agreement, if not then in material default, upon written notice to Buyer, upon the occurrence of any of the following:

(a) If FCC approval is denied or approval has not been received for any reason within six months from the date the FCC Application is filed; or

(b) If the Buyer defaults in the observance or in the due and timely performance of any of its material covenants or agreements contained herein, and such default has not been cured within ten (10) days after written notice by the Seller. In the event of an uncured material default by Buyer, Seller's sole remedy shall be specific performance.

11. **Indemnification.**

11.1 **Seller's Indemnification.** Seller shall indemnify, defend and hold Buyer and its employees or agents harmless from and against any and all loss, cost, liability, damage and expense (including legal and other expenses incident thereto) of every kind, nature or description arising out of: (a) the breach of any representation or warranty of Seller set forth in this Agreement or in any schedule or certificate delivered to Buyer pursuant hereto; (b) the breach of any of the covenants or agreements by Seller contained in or arising out of this Agreement or the transactions contemplated hereby; or (c) the ownership of the License prior to the Closing Date, including, but not limited to, any liability, judgment or damages against Seller as a result of litigation involving the Seller prior to the Closing Date that relates solely to the License.

11.2 **Buyer's Indemnification.** Buyer shall indemnify, defend and hold Seller and its employees or agents harmless from and against any and all loss, cost, liability, damage and expense (including legal and other expenses incident thereto) of every kind, nature or description arising out of (a) the breach of any representation or warranty of Buyer set forth in this Agreement; or (b) the ownership of the License after the Closing Date; or (c) the breach of any of the covenants or agreements by Buyer contained in or arising out of this Agreement or the transactions contemplated thereby.

11.3 **Indemnification Procedure.** In the event of any claim for indemnification, the claiming party will promptly notify the indemnifying party in writing of the basis for the amount of the claim, including the name of any third party involved. The indemnifying party will have the right, to be exercised within thirty (30) days of notice, if liability to a third party is involved, to defend or compromise such matter at the sole cost and expenses of the indemnifying party, and the indemnified party must cooperate fully in such defense. The indemnified party will not settle or compromise any claim by a third party for which it is entitled to indemnification without the prior consent of the indemnifying party, unless suit has been instituted and the indemnifying party has not assumed control of the suit.

12. **Assignability.** Each Party agrees that this Agreement is not assignable by either party.

13. **Taxes.** Seller shall be solely responsible for any sales, use or transfer tax due as a

result of this transaction.

14. Other Provisions.

14.1 **Attorney Fees.** Should any party default in the performance of any of the terms or conditions of this Agreement, which default results in the filing of a lawsuit for specific performance, the prevailing party in such lawsuit shall be entitled to its reasonable legal fees and expenses, including such fees and expenses at the appellate level.

14.2 **Benefit and Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs and assigns.

14.3 **Governing Law.** This Agreement shall be governed, construed and enforced in accordance with the laws of the State of Texas, without regard to the choice of law provisions thereof. Any litigation arising from the Agreement shall be subject to the exclusive jurisdiction of the Texas State Courts or Federal Courts located in Texas.

14.4 **Construction.** The parties acknowledge and agree that this Agreement has been fully negotiated between them and shall not be interpreted or construed against the drafting party.

14.5 **Notices.** All notices, demands, requests or other communication required or permitted hereunder shall be in writing and sent by certified, express or registered mail, return receipt requested, postage prepaid, overnight air courier service, personal delivery, or via facsimile (with proof of transmission) to the address specified below (or to such other address which a party shall specify to the other party in accordance herewith):

If to Buyer: James M. Lout
765 Hemphill Street
Jasper, TX 75951

With a copy to: Christopher D. Imlay
Booth, Freret, Imlay & Tepper, P.C.
14356 Cape May Road
Silver Spring, Maryland 20904-6011

If to Seller: Ruben Villarreal, Trustee
Aleluya Christian Broadcasting, Inc.
912 Curtis Street,
Pasadena, TX 77502

Notice shall be deemed to have been given on the date of personal delivery, the date set forth in the records of the delivery service, or on the return receipt.

14.6 **Multiple Counterparts and Facsimile Signatures** This Agreement may be signed in counterparts, each of which shall be deemed an original, but all of which together shall

constitute one and the same Agreement. Counterpart signatures to the Agreement delivered and received by facsimile shall be acceptable and binding to both parties.

14.7 **Entire Agreement.** This Agreement, the Schedules and Exhibits hereto, and all documents to be delivered by the parties pursuant hereto, collectively represent the entire understanding and agreement between Buyer and Seller with respect to the subject matter hereof. This Agreement supersedes all prior memoranda and agreements between the parties hereto, and may not be modified, supplemented or amended, except by a written instrument signed by each of the parties hereto designating specifically the terms and provisions so modified, supplemented or amended.

14.8 **Captions.** The section captions and headings in this Agreement are for convenience and reference purposes only and should not affect in any way the meaning or interpretation of this Agreement.

14.9 **No Waiver.** Unless otherwise specifically agreed in writing to the contrary: (i) the failure of any party at any time to require performance by the other of any provision of this Agreement shall not affect such party's right thereafter to enforce the same; (ii) no waiver by any party of any default by another shall be taken or held to be a waiver by such party of any other preceding or subsequent default; and (iii) no extension of time granted by any party for the performance of any obligation or act by any other party shall be deemed to be an extension of time for the performance of any other obligation or act hereunder.


14.10 **Further Assurances.** Upon the signing of this Agreement, each party will use its best efforts, and each party will reasonably cooperate with the other, to secure FCC authorization for the assignment of the License and any related authorizations or fulfillment of any conditions hereto. The parties acknowledge that FCC consent is required to Closing of the License, and agree not to effect such assignment before such consent has been obtained. At and after the Assignment, Buyer and Seller will, without further consideration, execute and deliver such further instruments and documents and do such other acts and things that the other party may reasonably request in order to effect or confirm the transactions contemplated by this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and first year above written.

SELLER:

Aleluya Christian Broadcasting, Inc.

By: 
Name: Ruben Villarreal
Title: Trustee

BUYER:

James M. Lout

