

## ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("Agreement"), which is made and entered into this 4<sup>th</sup> day of February, 2008, between Horizon Christian Fellowship, a California not-for-profit corporation ("Seller"), and Anderson Radio Broadcasting, Inc., a Montana corporation ("Buyer") (collectively, "Parties"),

WITNESSETH:

WHEREAS, Seller is the holder of a permit issued by the Federal Communications Commission ("FCC" or "Commission") to construct radio broadcast station KHZS(FM) at St. Regis, Montana (Facility ID 164303) ("Station"), and that permit (File Nos.BNPH-20050103ABI, as modified by BMPED-20060609ACE), expires June 9, 2008; and

WHEREAS, Seller desires to sell and Buyer seeks to buy all of Seller's interest in Station and related assets, including FCC authorization(s), tangible and intangible personal property, and any other property or rights of Seller used or intended to be used in the operation of Station. Seller desires to sell, transfer and assign same to Buyer.

NOW, THEREFORE, the Parties hereto agree as follows:

1. Assets to be Conveyed. On the Closing Date, Seller will sell, assign, convey, transfer and deliver to Buyer, by appropriate instruments of conveyance in form reasonably satisfactory to Buyer, the following assets, properties, and rights relating to Station ("Assets"):

- (a) All permits, licenses, and other authorizations issued by the FCC to Seller with respect to Station ("FCC Authorizations"), including the right to use Station's call letters and as set forth on Schedule 1.01, and all applications therefor, together with any renewals, extensions, or modifications thereof and additions thereto;
- (b) Any technical information, data, maps, FCC applications, diagrams, blueprints, and schematics, together with any transmitter site leases or options relating to the Station.
- (c) All rights of Seller with respect to Station, or rights that otherwise benefit Station, under all agreements, contracts, or leases listed and described on Schedule 1.04.
- (d) All documents relating to Station that have been filed with the FCC and/or required by the FCC to be maintained in Station's public file.

2. No Assumption of Liabilities. The Assets shall be sold and conveyed to Buyer free and clear of all liens, debts, claims, contracts, mortgages, security interests, pledges, charges, restrictions, reservations, limitations, or encumbrances of any nature whatsoever (collectively, "Liens"), except obligations arising after the Closing Date under the translator site lease identified in Schedule 1.04 and any Liens set forth in Schedule 2.01.

3. Purchase Price and Method of Payment. Subject to the satisfaction of the conditions enumerated in this Agreement, Buyer shall pay to Seller the total sum of Seventy-five Thousand Dollars (\$75,000) (the "Purchase Price"), to be delivered as follows: (i) upon execution of this Agreement, Five Thousand Dollars (\$5,000.00) will be paid by Buyer to Seller by wire transfer as a deposit that will be non-refundable except in the event of an uncured Event of Default (as defined in Section 16) by Seller; and (ii) Seventy Thousand Dollars (\$70,000.00) will be paid by Buyer to Seller by wire transfer on the Closing Date (defined below).

4. FCC Consent to Assignment of Station.

- (a) The assignment of the Station authorization(s) to Buyer, as contemplated by this Agreement, shall be subject to the prior written consent and approval by the FCC of the Parties' Form 314 assignment application.
- (b) Within five (5) business days after the Parties' execution of this Agreement, Seller and Buyer shall jointly file with the FCC a Form 314 application for consent to assignment of Station. The Parties shall prosecute such application with all reasonable diligence and otherwise use their best efforts to obtain FCC consent as practicable. The FCC consent shall be granted without any materially adverse conditions affecting Seller or Buyer and shall become a "final" order, meaning that the order is not subject to administrative or judicial review, reconsideration, appeal, or stay and that the time for filing any request for such relief (or for the FCC to initiate such action on its own motion) has expired. The Buyer may, in its sole discretion, waive "finality."
- (c) Within five (5) business days after the Parties' execution of this Agreement Seller will file an application on FCC Form 340 to modify the facilities of Radio Station KHZS (FM) to a site acceptable to Buyer and to return the station to commercial status. Buyer will pay any FCC filing fee that is required to be paid in connection with the filing of this application. Engineering costs and reasonable legal fees associated with the modification application will be paid by Buyer. If the proposed modification is granted prior to the Closing Date, then the Seller will enter into a construction contract providing in part that the Buyer will provide the equipment, which will remain the property of the Buyer, and that Buyer will construct the Station under the ultimate supervision and control of Seller.

5. Seller's Representations and Warranties. Seller hereby represents and warrants to Buyer as follows:

- (a) Organization and Standing. Seller is now and on the Closing Date will be an organization duly formed, validly existing, and in good standing under the laws of its state of California, and has all necessary power and authority to construct and operate Station and to enter into and perform this Agreement.
- (b) Authorization. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein have been duly approved by Seller's board of directors, and this Agreement constitutes a valid and binding agreement of Seller enforceable in accordance with its terms, except as limited by bankruptcy, moratorium, reorganization, and insolvency laws and similar laws of general application affecting creditors' rights or contractual obligations generally or by the availability of equitable remedies.
- (c) No Conflicts. The execution, delivery and performance of this Agreement by Seller, and the consummation of the transactions contemplated hereby do not, and as of the Closing Date, will not (i) violate, conflict with or constitute a default under any law, regulation, ordinance, judgment, decree, arbitral award, governmental license, permit or other authorization, or any contract, agreement or other instrument to which Seller is a party, and (ii) require the consent of any third party, except as has been previously disclosed to Buyer.
- (d) FCC Licenses. Seller is now and on the Closing Date will be the holder of the FCC Authorizations. The FCC Authorizations constitute all of the permits, licenses, and authorizations required for and/or used in the operation of Station as it is proposed to be operated, and the FCC Authorizations are now and on the Closing Date will be in full force and effect and unimpaired by any act or omission of Seller or Seller's principals, employees, or agents. To the Seller's knowledge, there is not now pending or threatened any action by or before the FCC to revoke, cancel, rescind, modify, or refuse to renew in the ordinary course any of the FCC Authorizations, and there is not now pending, issued, outstanding, or threatened, any Order to Show Cause, Notice of Violation, Notice of Apparent Liability, Notice of Forfeiture, or material complaint lodged against Station. In the event of any such action, or the filing or issuance of any such order, notice or complaint or knowledge of the threat thereof, Seller shall notify Buyer of same in writing within five days, shall respond to the action, order, notice, or complaint, shall take measures to correct and satisfy fully any complaints or violations cited or to contest same in good faith, shall implement procedures to ensure that the complaints or violations will not recur, and shall pay any sanctions imposed. Station is now and on the Closing Date will be in compliance in all material respects with the FCC Authorizations, the Communications Act of 1934, as amended, and the Rules, Regulations, and policies of the FCC. Seller is now and on the Closing Date will be qualified to sell Station and to assign the FCC Authorizations in compliance with the Communications Act of 1934, as amended, and the Rules, Regulations, and policies of the FCC.

- (e) Property. Seller does not currently own or lease any Personal Tangible Assets used or intended to be used in the operation of the Station. However, on the Closing Date, Seller will have, and will convey to Buyer, subject to the provisions of Section 2(c), good and valid title to any properties, equipment, and assets and any other properties, equipment, and assets acquired by it subsequent to the date hereof and to be used or used in the business or operation of the Station, free of any and all liens, charges, assessments, taxes, mortgages, pledges, conditional sales agreements, security interests, and encumbrances of any kind whatsoever.
- (f) Condition of Equipment. Broadcast equipment to be transferred to Buyer hereunder is, and as of the Closing Date will be, in good repair and working condition and in full compliance with all then-current FCC requirements. Non-broadcast equipment being transferred to Buyer hereunder is, and as of the Closing Date will be, in working condition.
- (g) Litigation. No judgment is issued or outstanding against Station or Seller which would have a material adverse effect on Station or Seller. No litigation, action, suit, judgment, proceeding, or investigation to which Seller or Station is a party is now pending or outstanding before any forum, court, or governmental body, department or agency of any kind, or to the knowledge of Seller is threatened, which (i) might result in any material adverse change in the condition of Station, or any of the material Personal Tangible Assets, (ii) has the stated purpose or the probable effect of enjoining or preventing the consummation of this Agreement or the transactions contemplated hereby, or (iii) questions the validity of any action taken or to be taken pursuant to or in connection with this Agreement, and Seller does not know of any dispute which would form the basis for such claim, litigation, proceeding or investigation.
- (h) Contracts. Seller has not entered into any contracts, agreements, leases, and understandings relating to Station that are to be assigned to Buyer or otherwise, and will not enter into any such contracts or other instruments prior to the Closing Date without Buyer's prior written consent.
- (i) Taxes. With respect to all taxes the nonpayment of which could affect any of the Assets or the operation of Station within the times and in the manner prescribed by law, Seller has filed and will as of the Closing Date have filed all federal, state, and local tax returns required by law and paid all taxes, estimated taxes, interest, assessments, and penalties due and payable. As of the Closing Date, all returns and forms filed will have been true and correct in all material respects, and no tax or other amount other than as shown on such returns and forms will have been required to have been paid. As of the Closing Date, there will be no disputes as to taxes of any nature payable by

Seller which in any event could materially affect any of the Assets or the operation of Station.

- (j) Personnel. Seller does not employ any personnel who work at or in connection with the Station, which has not yet been constructed, and will not employ any personnel to work at the Station. Seller indemnifies and holds Buyer harmless with respect to any employment-related claims, whether now pending or filed after the date hereof, relating to the employment of any person employed by Seller to perform work at the Station or in development or planning relating to the Station. .
- (k) Logs and Business Records. To the extent such records may exist as of the Closing Date, all logs and business records of every type and nature relating to the operation of the Station including, but not limited to, political and public record files, program operating and maintenance logs, equipment performance measurements, policies or evidence of insurance, licenses, payroll, social security and withholding tax returns, operator agreements and other records pertaining to the day-to-day and normal operations of Station have been retained for not less than the lesser of (i) the prescribed holding periods therefor, or (ii) the period of operation of Station by Seller, if any. Such logs and business records, to the extent they may exist, will be in the possession of Seller at Closing and, except for original financial records and books of account (copies of which shall at all times be available to Buyer) shall be conveyed to Buyer.
- (l) Insolvency. No insolvency proceedings of any character, including without limitation, bankruptcy, receivership, reorganization, composition, or arrangement with creditors, voluntary or involuntary, affecting Seller or any of its assets or properties are now or on the Closing Date will be pending or, to the best of Seller's knowledge threatened; nor shall Seller have made any assignment for the benefit of creditors, or have taken any action in contemplation of or which would constitute the basis for, the institution of any such insolvency proceedings.
- (m) Title to Call Letters. Seller has and on the Closing Date will have, and will convey to Buyer, good and valid title to use the call letters "KHZS."
- (n) Accuracy of Warranties. To the best of Seller's knowledge, no covenant, representation, or warranty by Seller and no written statement, certificate, appendix, or schedule furnished or to be furnished by it pursuant to this Agreement or in any other document or instrument created by Seller and delivered to Buyer in connection with the transaction reflected in this Agreement contains or will contain any misstatement of material fact or omits or will omit to state any material fact necessary to make the statements contained therein not misleading.

- (o) Compliance with Applicable Laws. As of the Closing Date, and subject to Buyer's diligent and workmanlike performance under the construction arrangements set forth in Section 4(c), all of the Personal Tangible Assets and steps taken in construction of Station will have been in compliance in all material respects with all applicable laws, ordinances, regulations, rules, and orders. Seller makes no express representation and gives no express or implied warranty to Buyer as to the availability or suitability of any new transmitter site selected by Buyer pursuant to Section 4(c), or with respect to the availability of any local, state or federal consents or permits (including an FCC construction permit), or land use permits, as may be required prior to construction of the Station and use of such site as the Station's transmitter location.

6. Affirmative Covenants of Seller. Between the date hereof and the Closing, except as contemplated by this Agreement or as may be waived in writing by Buyer, Seller shall upon reasonable prior notice provide Buyer and representatives of Buyer with reasonable access during normal business hours to the properties, titles, contracts, books, files, logs, records, and affairs of the Station, and furnish such additional information concerning the Station as Buyer may from time to time reasonably request.

7. Negative Covenants of Seller. Between the date hereof and the Closing Date, except as contemplated by this Agreement, Seller will not, without the prior consent of Buyer:

- (a) Enter into, renew, renegotiate, modify, amend, or terminate any contracts or agreements except as permitted under Section 5(h).
- (b) Violate any material Rule, Regulation, or policy of the FCC, permit or cause, subject to the timely and efficient performance of Buyer under Section 4(c), the FCC Authorizations to lapse, to be modified in any material respect, or otherwise to become impaired in any manner, including any action that may impair Seller's ability to secure FCC approval of either the Form 340 or Form 314 applications to be filed pursuant to this Agreement; or
- (c) Change Station's call letters, except at Buyer's request.

8. Buyer's Covenants, Representations and Warranties. Buyer covenants, represents, and warrants to Seller as follows:

- (a) Organization and Standing. Buyer is now and on the Closing Date will be a corporation duly incorporated, validly existing, and in good standing under the laws of its state of incorporation, and has all necessary power and authority to carry on its business as now being conducted and to enter into and perform this Agreement.
- (b) Authorization. The execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated hereby have been

duly approved by the board of directors of Buyer, and this Agreement constitutes a valid and binding agreement of Buyer, enforceable in accordance with its terms, except as limited by bankruptcy, moratorium, reorganization and insolvency laws, and similar laws of general application affecting creditors' rights or contractual obligations generally or by the availability of equitable remedies.

- (c) No Conflicts. The execution, delivery, and performance of this Agreement by Buyer, and the consummation of the transactions contemplated hereby do not, and as of the Closing Date, will not (i) violate, conflict with, or constitute a default under any law, regulation, ordinance, judgment, decree, arbitral award, governmental license, permit or other authorization, or any contract, agreement, or other instrument to which Buyer is a party, and (ii) require the consent of any third party, except as has been previously disclosed to Seller.
- (d) Assignment of Licenses. Buyer knows of no reason why the FCC would not approve an application for the assignment of the FCC Authorizations to it and, pending Closing, Buyer will not take any actions which might impair its ability to become the assignee of the FCC Authorizations.
- (e) Financial Qualification. Buyer represents and warrants that it is now and on the Closing Date will be qualified to become the successor permittee or licensee (as the case may be) of Station.

9. Closing/Conditions Precedent. The Closing shall take place on a mutually agreeable date (the "Closing Date") (and at a mutually agreeable place):

- (a) Within seven (7) business days of the date on which FCC consent to the Form 314 application becomes "final" (unless "finality" is waived by Buyer).
- (b) Closing under this transaction is contingent upon the grant, by April 15, 2008, of the application to change Station's transmitter site, or the filing by June 8, 2008, of Station's license application on FCC Form 302.
- (c) At Closing, Buyer shall deliver to Seller the Sum of \$70,000.00 (Seventy Thousand Dollars) by wire transfer and Seller will deliver to Buyer such instruments as are necessary to convey the Assets to Buyer.

10. Fees and Expenses. Seller and Buyer shall equally share in paying any FCC filing fees for the assignment application (FCC Form 314) and any applicable sales or use taxes. The FCC filing fee for the modification application, if any, shall be paid by Buyer. Each party shall be responsible for its own legal and other expenses incurred in connection with the preparation, execution, and performance of this Agreement and in obtaining the FCC consents. Seller and Buyer each represent and warrant to the other

that each will defend, hold harmless, and indemnify the other against any claim arising through the other party for any finder's or broker's fee or commission in connection with the transactions contemplated by this Agreement.

11. Risk of Loss. The risk of loss or damage to the Assets shall be upon Seller at all times prior to the Closing. In the event of 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 the repair, replacement, or restoration has not been completed prior to the Closing Date, Buyer may, at its option:

- (a) elect to consummate the Transaction, in which event the amount of the Purchase Price due to Seller from Buyer shall be reduced by the amount necessary to restore the lost or damaged property to its former condition or, at Buyer's option, Seller shall assign to Buyer all of Seller's rights under any applicable insurance policies; or
- (b) elect to postpone the Closing Date, with the prior consent of the FCC if necessary, which consent both parties will use their reasonable best efforts to obtain, for the reasonable period of time (not to exceed ninety days) as is necessary for Seller to repair, replace, or restore the lost or damaged property to its former condition. If, after the expiration of that extension period, the lost or damaged property has not been adequately repaired, replaced, or restored, Buyer may terminate this Agreement and the parties shall be released and discharged from any further obligation hereunder.

12. Termination Rights. This Agreement may be terminated at any time prior to Closing upon the happening of any of the following:

- (a) by the written mutual consent of the Parties; or
- (b) by written notification from either the Seller or the Buyer to the other if the modification application is denied or if the Closing is not consummated before June 9, 2008; or
- (c) by the Seller or the Buyer if there has been a material misrepresentation or breach of warranty by the other, which has not been cured within twenty (20) business days after written notice thereof from the complaining party, provided that the complaining party is not in default under this Agreement.

13. Conditions Precedent to Seller's Obligations. The obligation of Seller to consummate the transaction contemplated hereby is subject to satisfaction on or prior to the Closing Date of the following:

- (a) FCC Approval. The FCC shall have granted the Form 314 application to assign Station from Seller to Buyer without conditions which would have a



material adverse affect on Station or Seller, and such consent shall have become final;

- (b) Payments. All payments which are due and payable by Buyer on or before the Closing Date shall have been paid in accordance with the terms of this Agreement, and Buyer shall have executed and delivered all of the documents required of it herein;
- (c) Performance. Buyer shall have performed and complied in all material respects with all covenants, agreements and conditions required by this Agreement; and
- (d) Representations and Warranties. Each of the representations and warranties of Buyer contained in this Agreement shall be true and correct, except insofar as they expressly are limited to a given date, and the obligations of Buyer to be performed or complied with on or prior to the Closing Date hereunder, pursuant to the terms of this Agreement, shall have been duly performed, and Buyer shall have delivered to Seller certificates, dated as of the Closing Date and signed by a duly authorized officer of Buyer, to that effect.

14. Conditions Precedent to Buyer's Obligations. The obligation of Buyer to consummate the transaction contemplated herein is subject to the satisfaction on or prior to the Closing Date of the following:

- (a) FCC Approval. The FCC shall have granted the Form 314 application to assign Station from Seller to Buyer without conditions which would have a material adverse affect on Station or Buyer, and such consent shall have become final;
- (b) FCC Status. Either the Form 340 modification application has been granted by April 15, 2008, or the Station has been constructed and a Form 302 license application filed by June 9, 2008.
- (c) Representations and Warranties. Each of the representations and warranties of Seller contained in this Agreement shall be true and correct, except insofar as they expressly are limited to a given date, and the obligations of Seller to be performed or complied with on or prior to the Closing Date hereunder, pursuant to the terms of this Agreement, shall have been duly performed, and Seller shall have delivered to Buyer certificates dated as of the Closing Date, signed by a duly authorized officer of Seller to this effect;
- (d) Consent of Third Parties. On the Closing Date, each person or entity required to consent to the assignment to Buyer of the material contracts, leases, and agreements, if any, shall have duly consented in writing, except insofar as such consent shall have been waived by Buyer;

- (e) Performance. Seller shall have performed and complied in all material respects with all material covenants, agreements, and conditions required by this Agreement; and
- (f) No Adverse Change. Between the date hereof and the Closing Date there shall have been no material adverse change in the property, assets, financial condition or business of the Station.

15. Access to Books and Records. After the Closing, Buyer and Seller shall each allow the other reasonable access, during normal business hours upon reasonable prior notice, to their respective books and records pertaining to the operation of Station prior to the Closing Date and shall maintain such records for a period of not less than seven years after the Closing Date.

16. Events of Default; Remedies. The following shall, after expiration of the applicable cure period, constitute an event of default ("Event of Default"):

- (a) Inaccuracy of Representations and Warranties. Any of the material covenants, representations, or warranties of a party contained herein is inaccurate in any material respect;
- (b) Failure to Perform Material Obligation. Any material obligation to be performed by a party hereto has not been substantially performed during the period specified herein for performance; or
- (c) Failure to Satisfy Material Condition. Any material condition to the obligation to complete the transaction provided for herein by a party hereto has not been substantially satisfied or complied with by the Closing Date.
- (d) Cure Period. In the event of any occurrence described in 16(a) - (c) above, the party in default shall have a 30-day period after written notice of such deficiency to cure such default. Where practicable, a default may be cured by the payment of a sum of money.
- (e) Remedies. The Parties acknowledge that the FCC Authorizations expire on June 9, 2008, and that the failure of either Party to perform its respective duties and obligations under this Agreement could result in the expiration and cancellation of the FCC Authorizations. Should an Event of Default be caused or created by Seller that is not be cured by Seller within the Cure Period, Buyer may seek specific performance of this Agreement in addition to any remedies at law that be available to Buyer. Should Buyer fail or refuse to timely close the transaction provided for herein (after all conditions precedent to Buyer's closing obligations are satisfied), or should it otherwise create or cause an Event of Default that is not cured within the Cure Period, Seller shall be entitled to liquidated damages in the amount of Fifty-Four Thousand Three Hundred Fifteen Dollars (\$54,315.00) which is the exact amount Seller paid World Radio Link, Inc. for the FCC

Authorizations. In determining such liquidated damages, Buyer shall be entitled to a credit against this amount equal to the \$5,000.00 deposit provided for in Section 3. In any action brought under this subsection, the reasonable legal fees and expenses of the prevailing party will be paid by the non-prevailing party.

17. Survival of Covenants, Representations and Warranties. All representations, warranties, covenants and agreements contained in this Agreement shall survive the Closing Date for the period of one (1) year; provided, however, that if (i) written notice of an alleged breach of any covenant, representation, warranty, agreement, obligation, or undertaking shall have been given by one party hereto to the other prior to the expiration of such one-year period; and (ii) such alleged breach shall not have been finally determined, then, to the extent of the breach specified in such notice, that particular covenant, representation, warranty, agreement, obligation, or undertaking shall continue in full force and effect until there is a final determination of the alleged breach thereof.

18. Assignments. Neither party may assign its rights or obligations under this Agreement to a third party without the express written consent of the other party. This Agreement shall be binding on the parties' successors and assigns.

19. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed as original, but all of which together shall constitute one and the same instrument.

20. Entire Agreement. This Agreement embodies the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes any and all prior agreements, arrangements, and understandings relating to such subject matter. No amendment, waiver of compliance with any provision or consideration hereof, or consent pursuant to this Agreement shall be effective unless evidenced by an instrument in writing signed by the parties.

21. Governing Law. The construction and performance of this Agreement shall be governed by the laws of the state of Montana and the Rules, Regulations and policies of the FCC. Any action to enforce any provision hereof shall be brought in Flathead County, Montana.

22. Notices. All consents, demands, notices, instructions, requests, and waivers required or permitted under this Agreement shall be (a) in writing, (b) delivered personally, or (c) delivered by overnight courier service (with receipt confirmation) and shall be effective on the date of delivery, addressed as follows:

If to Seller, to:

Michael Macintosh, President  
Horizon Christian Fellowship  
5331 Mount Alifan Drive  
San Diego, CA 92111

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

Harry C. Martin, Esq.  
Fletcher, Heald & Hildreth, P.L.C.  
1300 North 17<sup>th</sup> Street, 11<sup>th</sup> Floor  
Arlington, VA 22209

If to Buyer, to:

Dennis L. Anderson, President  
Anderson Radio Broadcasting, Inc.  
581 N. Reservoir Road  
Polson, MT 59860

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

George R. Borsari, Jr., Esq.  
Borsari & Paxson  
4000 Albemarle Street, N.W., Suite 100  
Washington, DC 20016

[SIGNATURE PAGE FOLLOWS]

**Signature Page to KHZS Asset Purchase Agreement**

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

Seller:

HORIZON BROADCASTING FELLOWSHIP

By: Michael MacIntosh President  
Michael MacIntosh, President

Buyer:

ANDERSON RADIO BROADCASTING, INC.

By: \_\_\_\_\_  
(Name/Title)

Michael MacIntosh, President

Buyer:

ANDERSON RADIO BROADCASTING,

INC.

By:



(Name/Title)

Dennis L. Anderson  
President