

A G R E E M E N T

THIS AGREEMENT, made this _____ day of February, 2003, by and between Houston Bay City, Inc., a Florida corporation, hereinafter referred to as ("Seller"), and KSBJ Educational Foundation Inc., a Texas nonprofit corporation, hereinafter referred to as ("Buyer").

W I T N E S S E T H:

WHEREAS, Seller holds a Federal Communications Commission construction permit to construct and operate a new non-commercial, educational, radio broadcast station, FCC Permit File Number BPED-19980901MF on 89.5 MHZ, Station Location: TX-Bay City, Facility Number 91535, Call Sign: 980901MF pursuant to the permit ("FCC Construction Permit" or "Construction Permit"), and

WHEREAS, subject to the terms and conditions set forth herein, Seller agrees to assign to Buyer and Buyer agrees to acquire from Seller, all rights, title and interest in and to the Construction Permit.

NOW, THEREFORE, taking the foregoing into account, and in consideration of the mutual covenants and agreements set

forth herein, the parties, intending to be legally bound,
hereby agree as follows:

ARTICLE I SALE AND PURCHASE

Section 1.1 Asset to be transferred

Subject to and in reliance upon the representations, warranties and agreements herein set forth, subject to the terms and conditions herein contained, and subject to the prior consent of the FCC, Seller shall grant, convey, sell, assign, transfer and deliver to Buyer on the Closing Date The FCC Construction Permit according to its terms.

Section 1.2 Purchase Price

(a) Purchase Price. The purchase price to be paid for the Construction Permit will be SEVEN HUNDRED AND FIFTY THOUSAND DOLLARS (\$750,000.00) (the "Purchase Price"). Buyer shall make payment on the Closing Date by wire transfer or cashier's check drawn on a bank headquartered in the United States acceptable to Seller, payable to Seller.

Section 1.3 Escrow Deposit

On the date hereof, Buyer will deposit the cash sum of THIRTY SEVEN THOUSAND AND FIVE HUNDRED DOLLARS (\$37,500.00)

(the "Deposit") with a mutually acceptable escrow agent ("Escrow Agent") to be held by Escrow Agent in accordance with the terms of an Escrow Agreement between the parties, executed the exact date hereof in the form attached as Schedule 1.3. The Deposit shall be paid to Seller on the Closing Date and shall be credited against the Purchase Price at Closing. Any interest accrued on the Deposit shall be paid to Buyer on the Closing Date. If Closing does not take place due to a material breach by Seller, and provided Buyer is not also in material breach, the Deposit and interest thereon shall be returned to Buyer; If Closing does not take place due to a material breach by the Buyer and Seller is not also in material breach the Deposit and interest shall be paid to Seller. If the Agreement is terminated for any other reason the Deposit and interest shall be returned to Buyer. The escrow agreement shall stipulate that the escrow funds may not be tendered to a court in the event of a dispute, but rather the escrow agent shall have the express duty to tender the funds to the proper party as specified in the escrow agreement. The parties agree to hold the escrow agent harmless from liability in the administration of its duties unless the escrow agent's actions can be shown to have been conducted fraudulently or in bad faith.

Section 1.4 Closing

Closing shall take place at a mutually agreeable place and time, not more than five (5) business days subsequent to the date that FCC Consent has become final and not subject to review or reconsideration by the FCC or by any court. The date on which the Closing is to occur is referred to herein as the "Closing Date" or "Closing."

ARTICLE II REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby warrants as follows:

Section 2.1 Authorizations

Seller is the lawful holder of the FCC Construction Permit as referenced herein. The Construction Permit is in full force and effect and has not been revoked, suspended, canceled, rescinded or terminated and has not expired. There is no, pending or threatened, action by or before the FCC to revoke, suspend, cancel, rescind or modify the Construction Permit and there is not now issued or outstanding or pending 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 or the Construction Permit; provided

however, Seller makes no representation or warranty concerning any unknown rulemaking that may result in a channel substitution or with respect to any unknown minor modification application which may effect the ability to modify the Construction Permit. All actions necessary to be taken by or on behalf of Seller in connection with this transaction have been duly and validly taken, and this Agreement has been duly and validly authorized, executed, and delivered by Seller and constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with and subject to its terms.

Section 2.2 Litigation

Seller is aware of no litigation, proceeding or investigation whatever, pending or threatened, against or relating to Seller, its business, or the Construction Permit to be transferred hereunder and Seller knows of no reason why the FCC would not find it qualified to assign the Construction Permit.

Section 2.3 Liens

Seller will deliver the Construction Permit at Closing free and clear of all debts, liens and other encumbrances, or claims.

Section 2.4 No Other Warranty

Seller makes no warranty other than as stated expressly herein.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller:

Section 3.1 Authority

Buyer has the requisite power to enter into and complete the subject transactions. Neither the execution, delivery and performance by Buyer of this Agreement nor the consummation by Buyer of the subject transactions will:

- (a) conflict with or violate the certificate of incorporation, bylaws or operating agreement of Buyer; or
- (b) violate any judgment, decree, order, statute, rule or regulation applicable to Buyer.

All corporate actions necessary to be taken by or on the part of Buyer in connection with the subject transactions have been duly and validly taken, and this Agreement has been duly and validly authorized, executed and delivered by Buyer and constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with and subject to its terms.

Section 3.2 Buyer's Qualifications

Buyer is, to its knowledge, legally, financially, and otherwise qualified to obtain FCC approval to acquire and hold the Station's construction permit, and to consummate the transaction contemplated herein according to its terms.

Section 3.3 No Other Warranty

Buyer makes no warranty other than as stated expressly herein.

ARTICLE IV COVENANTS OF SELLER

Seller covenants and agrees that from the date hereof until the completion of the Closing:

Section 4.1 Maintaining the Construction Permit

(a) Seller shall maintain the FCC Construction Permit in full force and effect and shall timely file and prosecute the application with the FCC to assign the Permit to Buyer. Seller will additionally deliver to Buyer, within ten (10) business days after filing, copies of any reports, applications or responses to the FCC related to the Permit which are filed during

the period between the date of this Agreement and the Closing Date.

Section 4.2 Notice of Proceedings

Seller will promptly notify Buyer in writing upon:
(a) becoming aware of any order or decree or any complaint praying for an order or decree restraining or enjoining the consummation of this Agreement; or (b) receiving any notice from any governmental department, court, agency or commission of its intention (i) to institute an investigation into, or institute a suit or proceeding to restrain or enjoin, the consummation of this Agreement or such transactions, or (ii) to nullify or render ineffective this Agreement or such transactions if consummated.

Section 4.3 Consummation of Agreement

Seller shall in a timely fashion use all reasonable efforts to cause the assignment application of the Construction Permit to be granted.

ARTICLE V COVENANTS OF BUYER

Buyer covenants and agrees that from the date hereof until the completion of the Closing:

Section 5.1 Consummation of Agreement

Buyer shall in a timely fashion use all reasonable efforts to cause the assignment application of the Construction Permit to be granted.

Section 5.2 Notice of Proceedings

Buyer will promptly notify Seller in writing upon:
(a) becoming aware of any order or decree or any complaint praying for an order or decree restraining or enjoining the consummation of this Agreement; or (b) receiving any notice from any governmental department, court, agency or commission of its intention (i) to institute an investigation into, or institute a suit or proceeding to restrain or enjoin, the consummation of this Agreement or such transactions, or (ii) to nullify or render ineffective this Agreement or such transactions if consummated.

ARTICLE VI FCC ASSIGNMENT APPLICATION

Section 6.1. Application

Both parties hereto agree to make application to the FCC for consent to the assignment of the Construction Permit within five (5) business days after executing this Agreement.

ARTICLE VII CLOSING DOCUMENTS

Section 7.1. Seller's Deliveries

At the Closing, Seller shall deliver to Buyer a written Bill of Sale and assignment of the Construction Permit and the stations public file, a corporate certificate of good standing dated as of 10 days from the date of Closing, an opinion of Seller's counsel, and the release dated and executed 2/3/2003 which shall be in full force and effect from American Family Association attached in Schedule 7.1. Seller shall deliver certified copies of resolutions, duly adopted by all members of the Board of Seller, which shall be in full force and effect at the time of the Closing, authorizing the execution, delivery and performance by Seller of this Agreement, and the consummation of the sale and assignment.

Section 7.2 Buyer's Deliveries

At the Closing, Buyer shall deliver to Seller:

- (a) The Purchase Price, which shall be paid in the manner specified in Section 1.2.

ARTICLE VIII REMEDIES

Section 8.1 Default by Buyer

If the transactions contemplated by this Agreement are not consummated as a result of Buyer's wrongful failure to close hereunder, and Seller is not also in breach under this Agreement, then Seller shall be entitled to payment of the amount in escrow, consisting of Thirty-Seven Thousand Five Hundred Dollars (\$37,500) plus accrued interest, if any, as liquidated damages in full settlement of any damages of any nature or kind that Seller may suffer or allege to suffer as the result thereof. It is understood and agreed that the amount of liquidated damages represents Buyer's and Seller's reasonable estimate of actual damages and does not constitute a penalty. Recovery of liquidated damages under this Section shall be the sole and exclusive remedy of Seller against Buyer for failing to consummate this Agreement and shall be applicable regardless of the actual amount of damages sustained.

Section 8.2 Default by Seller

The parties acknowledge that the FCC authorization to be transferred hereby is of special, unique and extraordinary character. Accordingly, Buyer shall have the absolute right to enforce specific performance of the provisions contained herein and the voluntary assignment of the Construction Permit as contemplated. Specific

performance shall be Buyer's sole remedy in the event of Seller's material default for failure to close as contemplated herein. As a condition to seeking specific performance, Buyer shall not be required to tender the consideration specified in this Agreement, but shall be ready, willing and able to do so. Seller recognizes that in the event Seller defaults in the performance of its obligations under this Agreement monetary damages alone will not be adequate and consents to Buyer's right to specific performance. The prevailing party shall be entitled to reasonable attorney's fees incurred in enforcing its rights under this Section 8.2.

ARTICLE IX MISCELLANEOUS

Section 9.1 Notices

All communications or notices required or permitted by this Agreement shall be in writing and shall be deemed to have been given (i) on the date of personal delivery to an officer of the other party, or (ii) if sent by telecopy or facsimile machine to the number shown below, on the date of such confirmed facsimile or telecopy transmission, provided a copy is also sent by commercial overnight delivery service, prepaid, or by deposit in accordance with this

Section of a change of address or change of telecopy
number:

If to Seller:

William R. Lacy, President
Houston Bay City, Inc.
6910 NW 2nd Terrace
Boca Raton, Florida 33487
Fax: (561) 912-9003

Copy to:

Cary Tepper, Esq.
Booth Freret Imlay & Tepper, P.C.
7900 Wisconsin Avenue
Suite 304
Bethesda, MD 20814-3628
Fax: (202) 686-7797

John Belcher, Esq.
301 E. Colorado Blvd., Suite 200
Pasadena, CA 91101-1922
Fax: (626) 577-7769

If to Buyer:

Timothy McDermott
KSBJ Educational Foundation
327 Wilson Road
P.O. Box 187
Humble, Texas 77347
Fax: (281) 540-2356

Copy to:

A. Wray Fitch, III, Esq.
Timothy R. Obitts, Esq.
Gammon & Grange, P.C.
8280 Greensboro Drive, 7th Floor
McLean, VA 22102-3807
Fax: (703) 761-5023

Section 9.2 Strict Compliance

No failure of a party to exercise any right or to insist upon strict compliance by the other Party with any obligations and no custom or practice of the Parties at variance with this Agreement shall constitute a waiver of the right of a Party to demand exact compliance. Waiver by one party of any particular default by the other Party shall not affect or impair a Party's rights with respect to an subsequent default of the same or of a different nature, nor shall any delay or omission of a Party to exercise any rights arising from such default affect or impair the rights of that Party as to such default or any subsequent default.

Section 9.3 Termination

This Agreement may be terminated at any time prior to Closing: (a) by the mutual consent of Seller and Buyer; (b) by Buyer or Seller, if the FCC has denied the approvals contemplated by this Agreement in an order which has become final; (c) by Buyer or Seller, if the FCC has failed to grant its written consent to assignment of Station's permit within six (6) months of the date of filing of the application for assignment thereof, by giving the other party two (2) weeks prior written notice of such intent, by certified mail or overnight delivery service in which a

written receipt of delivery is obtained; provided that the FCC has not granted its consent to the Station's license assignment during that two-week interim period, and provided further that the party seeking cancellation is not in material breach of this Agreement, and provided further that the FCC's failure to approve the assignment of the Construction Permit is not caused by an action or inaction of either party hereto, which action or inaction shall additionally be deemed a material breach of this Agreement. If the FCC's failure to approve the assignment of the construction permit is due to actions or inactions of both parties, either party may terminate this Agreement. Any party in material breach or material default shall be provided written notice of such material breach or default and afforded 10 days to cure such material default or breach.

Section 9.4 Entire Agreement

This Agreement, together with all Exhibits and Schedules attached hereto, constitutes the full and entire understanding and agreement between the parties with regard to the subject matter hereof, and cancels and supersedes all prior agreements, understandings, inducements or conditions, express or implied, oral or written, relating

to the subject matter hereof. The express terms hereof control any course of performance and/or usage of trade inconsistent with any of the terms hereof.

Section 9.5 Counterparts

This Agreement may be executed in any number of counterparts, each of whom shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

Section 9.6 Brokers

Except for John W. Saunders, Media Broker, whose fees will be paid solely by Buyer, there is no broker or finder or other person entitled to a commission or brokerage fee or payment in connection with this Agreement or the subject transactions as a result of any agreement of, or action taken by, Seller.

Section 9.7 Assignment & Governing Law

Neither Party shall assign any right under this Agreement nor delegate any duty under this Agreement unless the other Party has consented to any such assignment or delegation in writing, which consent shall not be unreasonably denied, provided however, in the event of such assignment the assigning party shall remain fully liable for its obligations hereunder. This document shall be binding on the heirs, successors and assigns of the parties hereto and shall be construed exclusively by the laws of the State of Texas. Any dispute arising from this Agreement shall be resolved only in the courts of or in the State of Texas, without giving effect to principles of conflicts of laws.

Section 9.8 Jointly Drafted

This Agreement shall be deemed to have been drafted by both Parties and, in the event of a dispute, shall not be construed against either party.

Section 9.9 Intent of Parties

It is the express intent of the parties hereto at the time of the execution of this Agreement that (1) the Seller is obligated to convey with finality as of the date of Closing with surviving warranties and representations

(¶2.1;2.2;and 2.3) as of the date of Closing, its interest in and to the construction permit which is the single subject asset of this Agreement. (2) It is further agreed that the express intent of the parties that the Buyer shall pay to Seller the agreed sum in full, by certified funds or wire transfer at Closing. Upon Closing, this proceeding will terminate and the parties will not thereafter be obligated to one another except for the above required warranties which shall survive for one year from Closing. Any agreements or discussions between the parties, written or oral, are merged herein.

Section 9.10 Time is of the Essence

Time is of the essence of this Agreement.

Section 9.11 Modification of Construction Permit

Seller agrees and will consent at Buyer's request to allow Buyer to timely file any modification request of the Construction Permit reasonably requested by Buyer provided such modification application does not result in service to fewer people within the predicted 1 MV/M contour at a location as indicated in Schedule 9.11. At Seller's request, grant of the modification application shall be contingent on the prior consummation of the sale of the

Construction Permit as contemplated herein. All costs associated with the preparation of any such modification application shall be paid by Buyer. Closing shall not be contingent on grant of the modification application.

IN WITNESS WHEREOF, we have hereunto set our hands and seals on the date written above.

HOUSTON BAY CITY, INC.

By: _____
William Lacy
President

KSBJ EDUCATIONAL FOUNDATION

By: _____
Dennis Loucks, President