

ASSET PURCHASE AGREEMENT

THIS AGREEMENT, entered into as of this 21st day of July, 2005, by and between CLL, Inc. ("Seller") and Positive Alternative Radio, Inc. ("Buyer");

WITNESSETH:

WHEREAS, Seller is the owner, operator, and licensee of Radio Station WTTX-FM at Appomattox, Virginia; and

WHEREAS, Buyer desires to acquire certain assets and rights used, useful or intended to be used, in the business and operation of WTTX-FM, and to secure an assignment of the licenses and other authorizations issued by the Federal Communications Commission ("FCC") for the operation of WTTX-FM, and Seller desires to sell, assign, transfer and convey the same to Buyer pursuant to the terms and conditions set forth below:

NOW, THEREFORE, in consideration of the mutual covenants herein contained, receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **DEFINITIONS:** Unless otherwise stated in this Agreement, the following terms shall have the following meanings:

(a) Closing Date or Closing means a date to be designated by Buyer which shall not be earlier than the tenth (10th) nor later than the forty-fifth (45th) business day after the FCC provides Notice that it has approved and granted the assignment of the WTTX-FM license; provided, however, that, in the event of any post-grant protest of the Application, either Seller or Buyer shall have the option to extend the Closing Date to a date not later than the tenth (10th) business day after the Commission's consent and approval has become a Final Order, as defined below. If a pre-finality Closing Date is established, Buyer and Seller will execute an unwind agreement containing terms mutually satisfactory to the parties.

(b) Final Order means an Order of the FCC granting its consent and approval to the assignment of the WTTX-FM licenses and authorizations from Seller to Buyer, which is no longer subject to rehearing, reconsideration or review by the FCC, or to a request for stay, an appeal or review by any court under the Communications Act of 1934, or the Rules and Regulations of the FCC.

2. SALE AND TRANSFER OF ASSETS: On the Closing Date, Seller agrees to sell and shall sell, transfer, assign, convey and deliver to the Buyer good and marketable title, free and clear of all liens, encumbrances, taxes, claims, options, liabilities, commitment, charges, restrictions, and other obligations of whatsoever nature, certain assets of WTTX-FM, including but not limited to the following: the goodwill of WTTX-FM, all tradenames, trademarks and service marks used by WTTX-FM, all FCC Licenses and Authorizations associated with WTTX-FM, subject to the necessary approvals for assignment, as hereinafter set forth; and equipment as listed on "Exhibit 1," attached hereto and incorporated herein, as well as all of Seller's rights under manufacturers' and vendors' warranties relating to such items listed on Exhibit 1, provided that the assets to be transferred shall not include:

- a. Seller's charter documents and such other books and records as pertain to the organization and existence of Seller and duplicate copies of such business records as Seller shall require;
- b. Any cash, certificates of deposit, cash equivalents, and marketable securities on hand and/or in banks and any prepaid assets; and,
- c. Accounts and notes receivable for services fully performed or provided by Seller prior to the Closing Date.

3. PURCHASE PRICE, METHOD OF PAYMENT AND TERMS, ALLOCATION

The total consideration to be paid by Buyer to Seller pursuant to this Agreement is One Million Eight Hundred Thousand Dollars (\$ 1,800,000.00). Said consideration shall be paid as follows:

- a. At the time this Agreement is executed, Buyer shall deliver to Seller a check or wire transfer in the amount of Two Hundred Thousand Dollars (\$200,000.00) as a down payment for transaction contemplated by this Agreement. This down payment shall be credited towards the consideration owed by Buyer to Seller at Closing. However, at the time this Asset Purchase Agreement is executed and the Two Hundred Thousand Dollar payment is received by Seller, Seller shall execute a Promissory Note in favor of Seller, in the amount of Two Hundred Thousand Dollars (\$ 200,000.00), with principal and interest amortized over a term of one (1) years, fixed annual interest of five percent (5.0 %), with twelve (12) monthly installment payments commencing one year from the date of this

Agreement. The Promissory Note shall be forgiven at such time as the sale of WTTX-FM from Seller to Buyer is consummated. However, should the sale of WTTX-FM from Seller to Buyer not occur for any reason whatsoever during the next twelve months, Seller shall be obligated to repay the Two Hundred Thousand Dollars pursuant to the terms of the Installment Promissory Note. The Installment Promissory Note shall be in a form as attached hereto as "Exhibit No. 2," and it shall be secured by a Security Agreement in a form substantially similar to that attached hereto as "Exhibit No. 3" wherein Buyer shall have a security interest in the proceeds of any future sale of WTTX-FM.

b. At Closing, Buyer shall pay to Seller the sum of Three Hundred Thousand Dollars (\$ 300,000.00) in the form of cash or a certified check.

c. Also at Closing, Buyer shall execute a Promissory Note in favor of Seller, in the amount of One Million Three Hundred Thousand Dollars (\$ 1,300,000.00), with fixed payments of principal without interest of Twenty-One Thousand Six Hundred Sixty-Six and 66/100 Dollars (\$21,666.66) per month for sixty (60) months. Buyer's Promissory Note shall be in the form as attached hereto as "Exhibit No. 4."

d. By mutual agreement of the parties, the Purchase Price has been allocated among the various classes of property, assets and rights as set forth in "Exhibit 5" attached hereto. Buyer and Seller agree to be bound by the allocation for all purposes, including without limitation, reporting and disclosure requirements of the Internal Revenue Service, and shall file returns and reports (including income tax returns) on the basis of such allocation.

4. PRORATIONS AND ADJUSTMENTS; ASSUMED CONTRACTS; ACCOUNTS RECEIVABLE:

a. All insurance premiums, taxes, assessments, excises, payroll, sales commissions, rents, utility and telephone charges, accumulated vacation time, sick leave, other employee benefits and all other liabilities, expenses or charges to the Seller with respect to Radio Station WTTX-FM shall be prorated as of the Closing Date, and those items accruing prior to the Closing Date shall be paid when due by the Seller and those accruing thereafter shall be paid when due by the Buyer.

b. All insurance premiums, taxes, rents, deposits, payments on contracts to be assigned to Buyer, or other items and expenses which have been pre-paid by Seller

shall be prorated as of the Closing Date and Seller shall be credited for any payments made on obligations assumed by Buyer which will accrue prior to the Closing Date but which have not been paid by Seller prior to the Closing Date shall also be prorated as of the Closing Date and credited to Buyer. The net amount of these prorations shall either be added to or subtracted from the purchase price due Seller on the Closing Date.

c. No expense, debt or liability of Seller, of any nature whatsoever, shall be assumed by Buyer unless said assumption is set forth in this Agreement, or in any separate written agreements executed by both Buyer and Seller. Attached hereto as "Exhibit 6" is a list of all contracts and agreements relating to the operation of Radio Station WTTX-FM that Buyer agrees to assume at Closing. Prior to Closing, both the Seller and Buyer agree to take all actions that are necessary to obtain any consents necessary for the assumption of such obligations so that such matters may be effectuated at or before the Closing. However, should any such contract not be validly assigned and Buyer not receive the full benefit of all of Seller's rights under it, Buyer shall assume Seller's liabilities only to the extent Buyer obtains such rights and benefits.

d. The outstanding accounts receivable of the Seller as of the Closing Date shall be handled in the manner set forth in "Exhibit 7" attached hereto.

5. **TERMINATION:** This Agreement may be terminated at the option of either party upon written notice to the other party if a Final Order consenting to the assignment of the WTTX-FM FCC License(s) has not been obtained within twelve (12) months after the date on which the application is filed with the FCC, provided however, that neither party may terminate this Agreement if that party is in default hereunder, or if a delay in any decision or determination by the FCC respecting the application has been caused or materially contributed to (i) by any failure of the terminating party to furnish, file or make available to the FCC information within its control; (ii) by the willful furnishing by the terminating party of incorrect, inaccurate, or incomplete information to the FCC, or (iii) by any other action taken by the terminating party for the purpose of delaying the FCC's decision or determination respecting the application.

6. **TRANSFER OF ASSETS:** Seller, on the Closing Date at the Closing Place, will sell, transfer, convey, assign and deliver to Buyer the assets, business rights, privileges and immunities of Seller referenced in Section 2, above, including those assets listed on "Exhibit A" attached hereto. In addition, Seller shall convey to Buyer at Closing the following:

- (a) A complete set of all documents maintained in the WTTX-FM Public File.
- (b) The program, operating and maintenance logs of WTTX-FM.

7. **CONSENT OF THE FCC:** It is specifically understood and agreed that the consummation of this Agreement shall be subject to the prior consent of the FCC without conditions materially adverse to the Buyer. Upon the execution of this Agreement, Seller and Buyer will, at their mutual expense, proceed to expeditiously prepare and file with the FCC the requisite Assignment Application to secure such consent, together with such other necessary instruments and documents as may be required. The parties further agree to tender the said Application to the FCC within fifteen (15) days of the date of execution of this Agreement, and thereafter to prosecute said Application with diligence, and to cooperate with each other and to use their best efforts to obtain the requisite consent and approval promptly, and to carry out the provisions of this Agreement. At the time the FCC License Assignment Application is filed, Buyer shall pay the FCC Filing Fee of Eight Hundred Thirty Dollars (\$830.00), and shall deduct half of said fee (\$415.00) from the payment to Seller at Closing, as noted in Paragraph 3, above.

8. **LEGAL NOTICE:** Upon the filing of the license transfer application, Seller shall be responsible for, and shall take the necessary steps, to provide such Legal Notice concerning the filing as is required by the FCC Rules. If requested by Buyer, Seller shall provide Buyer with evidence of Seller's compliance with the Legal Notice requirements.

9. **POSSESSION AND CONTROL OF STATION:** Between the date of this Agreement and the Closing Date, Buyer shall not control the operation of WTTX-FM, but such operation shall be the responsibility of Seller. Notwithstanding the foregoing, Seller and Buyer hereby acknowledge that they have entered into a Time Brokerage Agreement, a copy of which is attached hereto as "Exhibit 8," whereby Buyer shall present programming on WTTX-FM until the Closing Date. Both parties further acknowledge that, pursuant to the terms of the Time Brokerage Agreement, Seller remains in control of the overall operations of WTTX-FM. Buyer shall, however, be entitled to reasonable inspection of the premises and assets, and to notice of any unusual operating problems or developments with the purpose that an uninterrupted and efficient transfer of ownership may be accomplished. It is further understood and agreed that, effective on the Closing Date and thereafter, Seller shall have no control over, nor right to intervene or participate

in, the operation of WTTX-FM.

10. OPERATION OF STATION PENDING FCC APPROVAL OF SALE:

a. Between the date of this Agreement and the Closing Date, Seller shall give prompt written notice to Buyer if any of the following events occur: (1) the transmission of the regular broadcast programming is interrupted or discontinued for a period of time in excess of seventy-two (72) hours during any seven day period, (2) the station is operated at reduced power for ten consecutive days or longer, or (3) the programming format of WTTX-FM is materially changed.

b. Between the date of this Agreement and the Closing Date, Seller shall deliver to Buyer copies of any reports, applications, pleadings or communications of any kind that Seller shall file with the FCC with respect to WTTX-FM, and Seller shall deliver to Buyer copies of any notices or communications of any kind that Seller shall receive from the FCC with respect to WTTX-FM.

11. PERSONNEL: Seller has made no representation to any of the WTTX-FM employees concerning their employment, if any, by Buyer after the Closing Date. Any decision by Buyer to employ any of the employees of WTTX-FM on or after 12:01 a.m. on the Closing Date is made in its sole discretion absent any representation or warranty as to the qualifications of such employee by Seller. Seller is not, and on the Closing Date will not be (except as may be specifically disclosed herein) a party to (a) any labor contract, (b) any vacation pay, severance pay or other benefit arrangement (including ERISA or similar plans) with its employees, or (c) any employment contract or agreement which is not terminable upon termination notice of thirty (30) days.

12. TRADE: With respect to any negative trade balance, Seller and Buyer will agree on or before the Closing Date which obligations will be assumed by Buyer. Seller will endeavor to reduce the aggregate negative trade balance to zero before the Closing Date. Any negative trade balance remaining as of the Closing Date which is not expressly assumed by Buyer will be applied on a dollar-for-dollar basis as a reduction in the Purchase Price payable at Closing.

13. SECTION 73.1150 STATEMENT: Both the Seller and Buyer agree that the Seller has retained no rights of reversion of the WTTX-FM license, no right to the reassignment of the WTTX-FM license in the future, and has not reserved the right to use

the facilities of WTTX-FM in the future for any reason whatsoever.

14. MULTIPLE OWNERSHIP COMPLIANCE: Buyer hereby represents and warrants that the transaction contemplated by this Agreement complies with the FCC's Multiple Ownership rules and regulations, set forth in part in 47 C.F.R. §73.3555 and is prepared to demonstrate the same to either the Seller or FCC if requested or required.

15. COMPLIANCE WITH LAWS: Seller has not received any notice asserting noncompliance by it in connection with the business or operation of the business of WTTX-FM with any applicable local, state or federal (including FCC) statute, rule or regulation. Seller is not in default with respect to any judgment, order, injunction or decree of any court, administrative agency or other governmental authority or any other tribunal duly authorized to resolve disputes in any respect material to the transactions contemplated hereby. There are no applications, complaints or proceedings pending or, to the best of Seller's knowledge, threatened before the FCC relating to the business and operations of WTTX-FM which would have a material adverse effect on the operation of WTTX-FM.

16. HAZARDOUS MATERIALS: No hazardous or toxic materials (as hereinafter defined) exist in any structure located on, or exist on or under the surface of, any of the real property or equipment to be conveyed to or leased by Buyer. For purposes of this Agreement, "hazardous or toxic material" shall mean waste, substances, materials, smoke, gas, pollutants, contaminants, asbestos or asbestos related products, PCB's, petroleum, crude oil (or any fraction or distillate thereof) or particular matter designated as hazardous, toxic or dangerous, or requiring special handling, treatment or storage whether or not designated hazardous, toxic or dangerous under any environmental laws. For purposes of this Agreement "environmental law" shall be interpreted to mean the Comprehensive Environmental Response Compensation and Liability Act, any successor to such law, and/or any other applicable federal, state, or local environmental, health or safety law, rule or regulation concerning the treating, producing, handling, storing, releasing, spilling, leaking, pumping, pouring, emitting, or dumping of any waste, substance, materials, smoke, gas or particulate matter or imposing liability or standards in connection therewith.

17. COVENANTS, REPRESENTATIONS, WARRANTIES AND INSURANCE:

(a). Seller has full power and authority to enter into this Agreement, is the holder of the WTTX-FM license and associated authorities, and has good and marketable title to all assets conveyed pursuant to this Agreement. Seller agrees to maintain adequate

insurance on the assets subject to this Agreement between the date hereof and the Closing Date. Seller hereby represents that all of the WTTX-FM FCC licenses and authorizations are now, and on the Closing Date, will be in full force and effect, and that there is no action pending before the FCC to revoke, cancel, modify or rescind any of the WTTX-FM licenses and authorizations. Unless Buyer and Seller otherwise acknowledge in writing at the time this Agreement is executed, Seller further represents and warrants that at Closing those assets listed on "Exhibit 1" attached hereto will be in good operating condition, not in need of repair or replacement, and will meet all technical criteria specifications outlined in the FCC's rules and regulations, and will comply with the requirements of Section 16 herein ("Hazardous Materials"). Immediately prior to Closing, Buyer shall have the right of reinspection of the purchased assets to ensure that all such assets remain in the possession of Seller with no material deterioration in the condition thereof since the execution of this Agreement. Buyer may require Seller to repair or replace any missing or broken assets prior to Closing, or the Seller may accommodate Buyer in any other manner satisfactory to Buyer.

(b). Buyer has full power and authority to enter into this Agreement and has correctly represented its financial standing to consummate this Agreement.

(c). Within thirty (30) days of the date of this Agreement, Buyer shall obtain a title commitment covering the real property and issued by a title company chosen by Buyer. Buyer shall have ten (10) days from its receipt of the title commitment to examine it and, if title is found defective, Buyer shall within five (5) days thereafter notify Seller in writing specifying the defects. If such defects render the title unmarketable, Seller will have thirty (30) days from the receipt of such notice to remove the defects. If Seller cannot remove such defects within said thirty days, Buyer has the option of either (i) extending the time for Seller to remove such defects for a stated period of time, or (ii) terminate this agreement without penalty. Irrespective of the foregoing, at any time between the date of this Agreement and Closing, Buyer shall have the right to have the real property surveyed at Buyer's expense by a licensed land surveyor in the State of Virginia. The survey shall be certified to Buyer, Buyer's lender (if necessary), and the title insurance company insuring title to the real property. Upon completion of the survey, the legal description of the real property set forth in this Agreement and attachments hereto may be revised to conform with the survey description.

18. EXPIRATION OF REPRESENTATIONS AND WARRANTIES: The representations and warranties of Seller contained herein shall expire one (1) year after the

(e) An Assignment of all intangibles owned or held by Seller, including tradenames, trademarks and service marks, that are subject to this Agreement.

(f) An Assignment of the Public Inspection File of WTTX-FM, together with a list of any required documents that are missing and unobtainable at time of Closing.

(f) The files, records, logs and books of account of WTTX-FM.

(g) Such other assignments, bills of sale or other instruments as may be required to effectuate this Agreement and the assignment of the WTTX-FM license and related assets from Seller to Buyer.

22. BUYER'S PERFORMANCE AT CLOSING: On the Closing Date at the Closing Place, Buyer shall (i) deliver to Seller a cashier's or certified check in the amount of Three Hundred Thousand Dollars (\$ 300,000.00); (ii) execute that certain above-described Installment Promissory Note in the amount of One Million Three Hundred Thousand Dollars; and (iii) take the necessary steps to forgive and terminate Seller's above-described Promissory Note in the amount of Two Hundred Thousand Dollars. Buyer shall also take all actions necessary at Closing to perfect and accept the necessary Closing Documents.

23. RISK OF LOSS: The risk of loss, damage or destruction to any of the property or assets to be transferred to Buyer hereunder from fire or other casualty or cause shall be borne by Seller at all times up to the close of business on the Closing Date. In the event of any such loss, damage or destruction, the proceeds of any claim for any loss, payable under any insurance policy with respect thereto, shall be used to repair, replace, or restore any such property to its former condition. However, in the event that the property is not completely repaired, replaced or restored on or before the Closing Date, the parties may agree to postpone the Closing. If circumstances referenced above require postponement of the Closing for a period of 60 days or more, the parties may agree to rescind this Agreement.

24. BENEFIT: The parties hereto understand and agree that this Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns.

25. OTHER DOCUMENTS: The parties shall execute such other documents as may be necessary and desirable to the implementation and consummation of this

26. INDEMNIFICATION:

(a) It is understood and agreed that the Buyer does not assume and shall not be obligated to pay any liabilities of Seller under the terms of this Agreement or otherwise and shall not be obligated to perform any obligations which arise subsequent to the Closing Date or as herein provided. Seller hereby agrees to indemnify and hold Buyer, its successors and assigns, harmless from and against the following:

(i) Any and all claims, liabilities and obligations of every kind and description, contingent or otherwise, arising from or related to the operation of WTTX-FM prior to the close of business on the Closing Date, including, but not limited to, any and all claims, liabilities and obligations arising or required to be performed prior to the close of business on the Closing Date under any contract or instrument assumed by Buyer hereunder.

(ii) Any and all damages or deficiency resulting from any misrepresentations, breach of warranty or covenant, or nonfulfillment of any agreement or obligation on the part of Seller under this Agreement, or from any misrepresentation in or omission from any certificate or other instrument furnished to the Buyer pursuant to this Agreement or in connection with any of the transactions contemplated hereby.

(iii) Any and all actions, suits, proceedings, damages, assessments, judgments, costs and expenses, including reasonable attorneys' fees incident to any of the foregoing provisions.

(b) If any claim or liability shall be asserted against the Buyer which would give rise to a claim by the Buyer against the Seller for indemnification under the provisions of this Paragraph, the Buyer shall promptly notify the Seller in writing of the same and the Seller shall, at its own expense, defend any such action.

27. BROKER: The Seller and Buyer agree that no broker was involved in this transaction.

28. ATTACHMENTS: All Attachments to this Agreement shall be deemed part of

this Agreement and incorporated herein, where applicable, as if fully set forth herein. If any provision in any Attachment conflicts with or is not consistent with the provisions of this Agreement, the terms of this Agreement shall govern.

29. NO INCONSISTENT ACTIONS. Neither the Seller nor the Buyer shall take any action which is materially inconsistent with its obligations under this Agreement.

30. ENTIRE AGREEMENT: This Agreement is the only Agreement between the parties hereto and contains all of the terms and conditions agreed upon with respect to the subject matter hereof. No alteration, modification or change of this Agreement shall be valid unless by like instrument.

31. NOTICES: All necessary notices required under this Agreement shall be sent first-class mail, postage pre-paid, to the following:

If to Seller: Terry L. Cook
CLL, Inc.
c/o Clearview Baptist Church
2183 Sunnymead Road
Rustburg, VA 24588

If to Buyer: Edward A. Baker
Positive Alternative Radio, Inc.
P.O. Box 889
Blacksburg, VA 24063

With a copy to: Cary S. Tepper
Booth, Freret, Imlay & Tepper, P.C.
7900 Wisconsin Avenue
Suite 304
Bethesda, MD 20814-3628

32. GOVERNING LAW: This Agreement shall be construed and enforced in accordance with the laws of the State of Virginia.

33. SPECIFIC PERFORMANCE: Buyer and Seller recognize that if Seller refuses to perform under the provisions of this Agreement, monetary damages alone will not be adequate to compensate Buyer for its injury. Buyer shall therefore be entitled, in addition to any other remedies that may be available, to obtain specific performance of the

terms of this Agreement.

34. **COUNTERPARTS:** This Agreement may be executed in counterparts.

35. **HEADINGS:** The headings of the Paragraphs of this Agreement are inserted as a matter of convenience and for reference purposes only, and in no way define, limit or describe the scope of this Agreement nor the intent of any Paragraph hereof.

IN WITNESS HEREOF, the parties hereto have hereunto set their hands and seals.

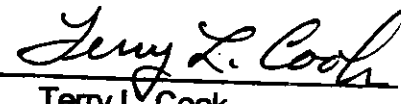
BUYER:

SELLER:

POSITIVE ALTERNATIVE RADIO, INC.

CLL, INC.

By: 
Edward A. Baker
President

By: 
Terry L. Cook
President

Date: 7-21-05

Date: July 21, 2005