

AUCTION AGREEMENT REGARDING KFXM-FM 103.3, Temecula February 26, 2001

1. Newco Temecula, A California Limited Liability Company (the "Seller"), offers for sale by closed auction the assets of radio station KFXM(FM), Temecula, California (the "Assets"), including (1) the station's FCC authorization, (2) a month-to-month lease for tower space for the broadcast antenna, (3) a lease for ground space at the transmitter site, and (4) related personal property as listed on Attachment A. All assets in categories (2), (3) and (4) above are offered "as is," and without warranty of any kind. The undersigned bidder has conducted its own due diligence with respect to these assets and has determined that they are satisfactory for its purposes.
2. On Attachment B is a list in alphabetical order of all the parties who submitted offers or counteroffers for the purchase of the Assets during the prescribed time, and the amount of each party's offer or counteroffer. These parties are invited to participate and to bid in the auction. No other party is eligible to become qualified to bid. The auction will be convened on February 26, 2001 at 11:00 a.m. Pacific Time, at Temecula, California. Seller's counsel, Donald Martin, will preside as the Auctioneer.
3. No eligible party will be permitted to bid unless it has qualified for the auction as a bidder. To qualify as a bidder, an eligible party must deliver to the Auctioneer the following items before commencement of the auction:
 - (A) A copy of this Auction Agreement executed by the party (if an individual), or by a duly authorized officer or partner (if an entity other than an individual).
 - (B) The party's Auction Deposit of \$10,000.00 in the form of a cashier's or certified check or money order, made payable to Donald E. Martin, P.C. Escrow Account.
4. The bidders will be arranged in alphabetical order. The party present at the auction and qualified to bid having submitted the highest offer or counteroffer shall begin the bidding with an opening bid of not less than the amount of its offer or counteroffer. If more than one party qualifies in this manner to be the opening bidder, the party so qualifying whose name is listed first in an alphabetical listing of all bidders shall be the opening bidder. After the opening bidder has bid, bidding shall proceed to successive bidders in alphabetical order. The second bidder shall be the party whose name appears next after the opening bidder in alphabetical order, and so forth. When the bidding has proceeded to the party whose name appears last in the alphabetical listing of all bidders, the next bidder shall be the party whose name is listed first on the alphabetical list. The bidding shall proceed again through the list of parties listed in alphabetical order, and then back to the first named party, and so forth, until the auction has ended.
5. After the opening bid, each bidder in its turn may submit a bid or pass. Each bid submitted must be not less than \$25,000.00 higher than the current standing high bid. There is no restriction on the number of times that a bidder may pass before the end of the auction. No bidder will be required to increase its own standing high bid. The auction will end when each bidder other than the owner of the standing high bid shall have passed twice on the same standing high bid.

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6. The owner of a standing high bid may withdraw its bid while that bid is the current standing high bid under the following conditions: (1) such bidder will not be eligible to bid again in this auction; and (2) such bidder will forfeit its Auction Deposit to Seller. In the event that a current standing high bid is withdrawn, the previous standing high bid shall become the current standing high bid.

7. The Auctioneer shall conduct the auction with reasonable deference for the personal needs and comfort of the bidders. The Auctioneer shall suspend the bidding after each 20-minute interval for a 10-minute rest break. When called upon by the Auctioneer to do so, each bidder in its turn shall promptly (within not more than two minutes) submit a new bid, pass or call a recess. Each bidder shall have the right during the auction to call any number recesses, the total time of which shall not be more than 30 minutes in the aggregate. A bidder may exercise this right only at the beginning of its turn to bid, and only before it submits a bid or passes. A bidder's failure to respond to the Auctioneer within two minutes or upon the expiration of all of its allotted recess time shall be deemed to be a pass. The Auctioneer may exercise his reasonable discretion to suspend or recess the bidding as may be necessary or appropriate.

8. The current standing high bid at the end of the auction shall be the winning bid. The bidder who placed that bid shall be the Winning Bidder. The Winning Bidder's Auction Deposit shall be held in escrow. Within three business days after the end of the auction, the Winning Bidder shall place in escrow with Seller's counsel funds which, when combined with the Winning Bidder's Auction Deposit, shall equal 25% of the winning bid. These funds shall constitute the Winning Bidder's Earnest Money Deposit. Failure to timely deposit the Earnest Money Deposit shall constitute a default under this Agreement. In such event, the Winning Bidder shall be disqualified and shall forfeit its Auction Deposit.

9. All other bidders whose last bid before the end of the Auction is equal to or greater than 95% of the amount of the winning bid shall be deemed to be contingent winning bidder(s). If at any stage in the process of consummating the sale, the Winning Bidder defaults on its obligations and fails to perform, the contingent winning bidder with the next highest bid shall become the Winning Bidder. Within three business days of being notified by Seller that it is the new Winning Bidder, such party shall deposit with Seller's counsel funds which, when combined with its Auction Deposit, shall equal 25% of its last bid (which will be the new winning bid). These funds shall constitute the new Winning Bidder's Earnest Money Deposit. Failure to timely deposit the Earnest Money Deposit shall constitute a default under this Agreement. In such event, the Winning Bidder shall be disqualified and shall forfeit its Auction Deposit. Seller shall then notify the contingent winning bidder (if any) who submitted the next highest contingent winning bid that it is the new Winning Bidder, who will then be subject to the same procedures.

10. At the end of the Auction, the Auctioneer will return to each bidder who is not the Winning Bidder or a contingent winning bidder its Auction Deposit.

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11. The Auction Deposit of each contingent winning bidder will be held in escrow until the Winning Bidder has deposited its Earnest Money Deposit. Any contingent winning bidder who, at that time, no longer wishes to be obligated as such, may so notify the Auctioneer in writing within seven days of the deadline for remitting the Earnest Money Deposit. Its Auction Deposit will then be returned and such party will have no further rights or obligations with respect to this Auction. No contingent winning bidder shall be entitled to withdraw from such status nor to receive a refund of its Auction Deposit until the first Earnest Money Deposit has actually been deposited into escrow (whether by the Winning Bidder or by a contingent winning bidder upon the default of the original Winning Bidder).

12. The Auction Deposit of each contingent winning bidder shall be held in escrow until the earliest of the following occurs: (1) it notifies the Auctioneer in writing within seven days of the deposit into escrow of the first Earnest Money Deposit from the Winning Bidder or substitute Winning Bidder that it does not wish to be a contingent winning bidder (in which case the Auction Deposit is returned); (2) it becomes the Winning Bidder and defaults on its obligations as such (in which case the Auction Deposit is forfeited); (3) it becomes and the Winning Bidder consummates the purchase of the Assets (in which case the Auction Deposit becomes a part of the purchase price); and (4) another party consummates the purchase of the Assets as the Winning Bidder (in which case the Auction Deposit is returned).

13. Seller and the Winning Bidder shall cooperate to prepare and execute an asset purchase agreement between them for the sale and purchase of the Assets, and to file an assignment application with the FCC within 30 days of the due date for depositing the Winning Bidder's Earnest Money Deposit. Seller and Winning Bidder shall negotiate in good faith and shall develop an agreement with reasonable terms and conditions customary for contracts of this type. Notwithstanding the foregoing, the auction process shall be deemed to create a contractual relationship between Seller and the Winning Bidder. Absent the creation of a more definitive contract, the Seller and Winning Bidder may submit documentation of this auction with the assignment application as the required documentation of the transaction.

14. The Winning Bidder's failure to perform so as to have the assignment application timely filed, to prosecute with reasonable vigor the assignment application, or to timely consummate the assignment transaction upon the finality of the FCC's action granting the assignment application shall constitute a default and the Winning Bidder shall forfeit its Earnest Money Deposit. Any finding by the FCC that the Winning Bidder is not qualified to become the licensee of KFXM shall also constitute a default hereunder and the Winning Bidder shall forfeit the Earnest Money Deposit.

15. Any proposed assignment of KFXM resulting from this auction is subject to the prior approval of the Federal Communications Commission.

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16. The undersigned bidder hereby certifies that it is legally, financially and in every other manner qualified to become the licensee of KFXM, that it is legally capable and competent to undertake this transaction, and that its internal governing body (if any) has duly authorized its participation in this auction and the ultimate consummation of the contemplated transaction.

17. In the event that the Winning Bidder and all contingent winner bidders (if any) default on the consummation of the transaction, Seller shall have no further obligations to any bidder and Seller shall hold, maintain and operate the Assets in accord with its Operating Agreement.

The name and address of the party entering into this Auction Agreement with Seller are:

Helen Kimler Jones
Name

29711 Bonanza Place
Canyon Lake, CA 92587
Address

The name of the person(s) authorized to participate in the Auction and submit bids on behalf of this party is (are):

Mike H. Lichenhan
Name(s)

Official notices required hereunder shall be directed to this party as follows:

Attn: Helen Kimler Jones
Name

Kimler Broadcasting Inc.
Organization

29711 Bonanza Pl.
Street Address

Canyon Lake, CA. 92587
City, State, Zip

(909) 244-4348 FAX (909) 244-5759
Telephone Fax

HKIMLERJONES@webster.net
E-mail

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Executed and certified on behalf of this Bidder by:

Helen Kimler Jones
Signature

Helen Kimler Jones
Name (printed)

President
Position

2/26/01
Date

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