

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT, dated as of September 12, 2013 (this “Agreement”), by and among Covenant Network, a Missouri non-profit corporation (“Covenant”), and VSS CATHOLIC COMMUNICATIONS, INC., a Nebraska non-profit corporation (“VSS”).

WITNESSETH:

WHEREAS, COVENANT is the licensee of FM Translator Station K207BY, Chadron, Nebraska, Federal Communications Commission (“FCC”) Facility ID No. 81203 (“Station K207BY”); and

WHEREAS, on the terms and conditions described herein and subject to the approval of the FCC, VSS desires to acquire and COVENANT desires to sell and assign certain assets and the FCC license associated with Station K207BY.

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Sale of Assets.**

(a) **Station K207BY.**

(i) On the Closing Date (as hereinafter defined), COVENANT shall sell, assign and transfer to VSS, and VSS shall purchase, assume and receive from COVENANT, the assets, properties, interests and rights of COVENANT of whatsoever kind and nature, which are held by COVENANT and used or useful in connection with the operation of Station K207BY, including without limitation (the “*Sale Assets*”) (but excluding the Excluded Assets described in subparagraph (iii) below):

(A) All equipment and other tangible personal property used or useful in the conduct of the business or operations of Station K207BY (the “*Tangible Personal Property*”), (together with such improvements and additions thereto and replacements thereof between the date hereof and the Closing Date), identified on Schedule 1 hereto;

(B) The license and other authorizations, including the authorizations issued by the FCC (the “*K207BY Authorizations*”), and any other federal, state or local governmental authorities to VSS in connection with the conduct of the business or operations of the Station K207BY identified on Schedule 2 hereto;

(C) All of COVENANT’s right, title and interest in and to the site use agreement (the “*K207BY Site Agreement*”) for the location and use of the FM Translator transmitter site for Station K207BY, as identified on Schedule 3 hereto; and

(ii) The Sale Assets shall be transferred to VSS free and clear of all Liens, except for taxes not yet due and payable (“*Permitted Liens*”). Except as expressly set forth herein, VSS is not agreeing to, and shall not, assume any liability, obligation, undertaking, expense or agreement of COVENANT of any kind, absolute or contingent, known or unknown, specifically including, without limitation, any liability, obligation or agreement to retain any COVENANT employee, or with respect to termination thereof, or any employee benefit or expense, and the execution and performance of this Agreement shall not render VSS liable for any such liability, obligation, undertaking, expense or agreement. All of such liabilities and obligations shall be referred to herein as the “*Retained Liabilities*.”

(iii) The following assets and associated liabilities relating to the operation of Station K207BY shall be retained by COVENANT and shall not be sold, assigned or transferred to VSS (the “*Excluded Assets*”):

(A) Cash on hand and in banks (or their equivalents) and accounts receivable arising out of the operation of the Station K207BY prior to Closing;

(B) All rights of COVENANT under all contracts, leases (other than the leases described in Schedule 3) and agreements, including contracts of insurance and insurance proceeds of settlement and insurance claims made by COVENANT;

(D) All deposits and all prepaid expenses and taxes; and

(E) COVENANT’s corporate records.

(F) It is agreed and understood by the parties that Covenant owns and operates a number of AM Broadcast, FM Broadcast and FM Translator Stations and/or holds construction permits for such stations in the states of Illinois, Iowa, Indiana, Louisiana, Missouri, North Dakota and Oklahoma, and none of these stations are the subject of this Asset Purchase Agreement. This Asset Purchase Agreement pertains to Station K207BY in Chadron, Nebraska only.

2. **Purchase Price.**

Upon the terms and subject to the conditions contained in this Agreement and in consideration of the sale of the COVENANT License and Assets to VSS,

(a) Purchase Price. The Purchase Price for Station K207BY shall be Twenty Thousand Dollars (\$20,000.00).

(b) Deposit. VSS has paid to COVENANT a deposit in the amount of Two Thousand Dollars (\$2,000.00) for the Sale Assets. The balance of Eighteen Thousand Dollars

(\$18,000.00) shall be paid at close. In the event the closing (as hereinafter defined) does not take place through no fault of VSS, then the \$2,000.00 deposit shall be returned to VSS.

(c) The parties agree to prorate all expenses arising out of the operation of Station K207BY which is incurred, accrued or payable, as of 11:59 p.m. local time of the day preceding the Closing. The items to be prorated may include, but are not limited to, power and utilities charges, real and personal property taxes upon the basis of the most recent tax bills and information available, security deposits (to the extent any such deposit is assigned to the benefit of the other party hereunder), and similar prepaid and deferred items. On the Closing Date, the prorations shall, insofar as feasible, be determined and paid on the Closing Date.

3. **FCC Consent; Assignment Application**. At the earliest mutually agreeable date, but not later than ten (10) business days after the date of this Agreement, VSS and COVENANT shall execute, file and vigorously prosecute an FCC Form 345 application with the FCC (the "*Assignment Application*") requesting its consent (the "*FCC Consent*") to the assignment from COVENANT to VSS of the Station K207BY Authorization. VSS and COVENANT shall take all reasonable steps to cooperate with each other and with the FCC to secure the FCC Consent without delay, and to promptly consummate this Agreement in full.

4. **Closing Date; Closing Place**. The closing (the "*Closing*") of the transactions contemplated by this Agreement shall occur on a date (the "*Closing Date*") which shall be no later than ten (10) days following the date on which all FCC Consents shall have become Final Orders (as hereinafter defined). For purposes of this Agreement, the term "*Final Order*" means action by the FCC consenting to an application which is not reversed, stayed, enjoined, set aside, annulled or suspended, and with respect to which action no timely request for stay, petition for rehearing or appeal is pending, and as to which the time for filing any such request, petition or appeal or reconsideration by the FCC on its own motion has expired. The Closing shall be held by mail or in such other manner as mutually agreed upon by the parties.

5. **Representations and Warranties of COVENANT**. COVENANT jointly and severally make the following representations and warranties to VSS which shall be true as of the date hereof and on the Closing Date:

(a) COVENANT is a non-profit corporation duly organized, validly existing and in good standing under the laws of the State of Missouri. The execution and delivery of this Agreement and the consummation of the transactions contemplated herein have been duly and validly authorized by COVENANT and no other proceedings on the part of COVENANT is necessary to authorize this Agreement or to consummate the transactions contemplated hereby.. This Agreement and each ancillary document and instrument to be executed and delivered hereunder (the "*Transaction Documents*") has been and will be duly and validly executed and delivered by COVENANT and constitutes and will constitute the legal, valid and binding agreement of COVENANT enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency or other laws affecting generally the enforcement of creditors' rights or the application of principles of equity.

(b) The execution, delivery and performance of this Agreement by COVENANT will not (i) conflict with or result in any breach of any provision of the articles of incorporation or by-laws of COVENANT, or (ii) require the consent or approval of any governmental authority, lending institution or other third party other than the FCC Consent.

(c) Schedule 1 hereto contains a list of all material tangible personal property and assets owned or leased by COVENANT for use in connection with the Station K207BY. COVENANT owns and has, and will have on the Closing Date, good and marketable title to all such property. The assets listed in Schedule 1 hereto include all material tangible personal property necessary to conduct the business and operations of COVENANT as now conducted (other than those assets which are Excluded Assets). The Tangible Personal Property is being sold to Buyer on an "as is, where is" basis with no representations or warranties of merchantability or fitness for intended purpose.

(d) Schedule 2 hereto contains a true and complete list of the COVENANT Authorization and all other permits or other authorizations from governmental or regulatory authorities that are required for the lawful conduct of the business and operations of the Station K207BY. COVENANT is the authorized legal holder of the respective COVENANT Authorization identified on Schedule 2 hereto, none of which is subject to any restrictions or conditions that would limit in any respect the broadcast operations of the Station K207BY, except such conditions as are stated on the face thereof and as identified on Schedule 2 hereto. The K207BY Authorizations are validly issued and are in full force and effect, unimpaired by any act or omission of COVENANT. Other than the proceedings affecting the radio broadcasting industry generally, (i) there is not now pending or threatened any action by or before the FCC to revoke, cancel, rescind, modify or refuse to renew any of the K207BY Authorizations, and (ii) COVENANT has not received any notice of and has no knowledge of any pending, issued or outstanding order by or before the FCC, or of any investigation, order to show cause, notice of violation, notice of apparent liability, notice of forfeiture, or material complaint against the Station K207BY or COVENANT with respect to the Station K207BY.

(e) Schedule 3 hereto contains a description of the verbal site use agreement which permits Station K207BY to be located at its present transmitter site.

(f) There is no litigation, proceeding or governmental investigation pending or to the knowledge of COVENANT, threatened, in any court, arbitration board, administrative agency, or tribunal against or relating to COVENANT, or the Station K207BY that could prevent or materially impede the consummation by COVENANT of the transactions contemplated by this Agreement.

(g) All of the Sale Assets that are insurable in character are insured against loss, injury or damage to the full extent of their replacement value.

(h) No event has occurred which could impose on COVENANT any liability for any taxes, penalties or interest due or to become due from COVENANT from any taxing authority.

(i) No representation or warranty made by COVENANT in this Agreement, and no statement made in any certificate, document, exhibit or schedule furnished or to be furnished in connection with the transactions herein contemplated, contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make such representation or warranty or any such statement not misleading to VSS.

6. **Representations and Warranties of VSS.** VSS hereby makes the following representations and warranties to COVENANT which shall be true as of the date hereof and on the Closing Date:

(a) VSS is a non-profit corporation, duly organized, validly existing and in good standing under the laws of the State of Nebraska. VSS has the requisite organizational power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by VSS and no other proceedings on the part of VSS are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. The Transaction Documents have been and will be duly and validly executed and delivered by VSS and constitutes and will constitute the legal, valid and binding obligation of VSS enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency or other laws affecting generally the enforcement of creditors' rights or the application of principles of equity.

(b) The execution, delivery and performance of this Agreement by VSS will not require the consent or approval of any governmental authority, lending institution or other third party other than the FCC Consent.

(c) No representation or warranty made by VSS in this Agreement, and no statement made in any certificate, document, exhibit or schedule furnished or to be furnished in connection with the transactions herein contemplated, contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make such representation or warranty or any such statement not misleading to COVENANT.

7. **COVENANT Covenants.** COVENANT covenants with VSS that, between the date hereof and the Closing Date, it shall act in accordance with the following:

(a) COVENANT shall operate the Station K207BY in accordance with its FCC authorization, and COVENANT will not, without the prior written consent of VSS, sell, lease, transfer or agree to sell, lease or transfer any of the Sale Assets without replacement thereof with an equivalent asset of equivalent kind, condition and value that satisfies industry standards for such assets, or create any lien on the Sale Assets.

(b) COVENANT shall operate the Station K207BY in material compliance with applicable law, including the Communications Act of 1934, as amended, and the rules and regulations of the FCC.

(c) COVENANT shall maintain the Tangible Personal Property in accordance with standards of good engineering practice.

(d) COVENANT has and shall maintain in full force and effect through the Closing Date adequate property damage, liability and other insurance with respect to the Sale Assets.

8. **Conditions Precedent to Obligation to Close.**

(a) The performance of the obligations of VSS hereunder is subject to the satisfaction of each of the following express conditions precedent:

(i) COVENANT shall have performed and complied in all material respects with all of the agreements, obligations and covenants required by this Agreement to be performed or complied with by COVENANT prior to or as of the Closing Date;

(ii) The representations and warranties of COVENANT set forth in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as if made on and as of the Closing Date;

(iii) The FCC Consent contemplated by this Agreement shall have become a Final Order;

(iv) Buyer shall have obtained consent or permission from the Landlord to continue operating Station K207BY from its current transmitter site.

(v) No suit, action, claim or governmental proceeding shall be pending, and no order, decree or judgment of any court, agency or other governmental authority shall have been rendered, against any party hereto which: (A) would render it unlawful, as of the Closing Date, to effect the transactions contemplated by this Agreement in accordance with its terms; (B) questions the validity or legality of any transaction contemplated hereunder or (C) seeks to enjoin any transaction contemplated hereunder; and

(vi) There shall not be any recorded Liens on the Sale Assets.

(b) The performance of the obligations of COVENANT hereunder is subject to the satisfaction of each of the following express conditions precedent:

(i) VSS shall have performed and complied in all material respects with all the agreements, obligations and covenants required by this Agreement to be performed or complied with by VSS prior to or as of the Closing Date;

(ii) The representations and warranties of VSS set forth in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as if made on and as of the Closing Date;

9. **Closing Deliveries.**

(a) At the Closing, COVENANT will execute and deliver to VSS the following, each of which shall be in form and substance satisfactory to VSS and its counsel:

(i) A Bill of Sale in a form acceptable to VSS and other instruments of transfer and conveyance, dated the Closing Date, in form and substance so as to effectively and legally transfer and assign to VSS the Sale Assets and effectively vest in VSS good and marketable title to the Sale Assets;

(ii) An Assignment and Assumption of the K207BY Authorizations;

(iii) An Assignment and Assumption of such rights as COVENANT may possess relative to the oral K207BY Site Agreement;

(iv) Such other documents, instruments and agreements necessary to consummate the transactions contemplated by this Agreement or as VSS shall reasonably request, each in form and substance satisfactory to VSS and its counsel.

10. **Survival of Representations and Warranties.** The several representations and warranties of COVENANT and VSS contained in or made pursuant to this Agreement shall survive this Agreement for a period of one year immediately subsequent to the Closing Date; they will expire and be of no further force and effect after the first anniversary of the Closing Date.

11. **Termination.**

This Agreement may be terminated by either VSS or COVENANT, if the party seeking to terminate is not in default or breach of any of its material obligations under this Agreement, upon written notice to the other upon the occurrence of any of the following: (i) if, on or prior to the Closing Date, the other party breaches any of its material obligations contained herein, and such breach is not cured by the earlier of the Closing Date or thirty (30) days after receipt of the notice of breach from the non-breaching party; or (ii) if any of the Assignment Applications are designated for hearing or denied by Final Order; or (iii) if there shall be in effect any judgment, final decree or order that would prevent or make unlawful the Closing of this Agreement; or (iv) if the Closing has not occurred within one year of the date the Assignment Applications are filed with the FCC.

12. **Specific Performance.** The parties acknowledge that the Station K207BY are unique assets not readily available on the open market and that in the event that COVENANT, with respect to the Station K207BY, fails to perform its obligation to consummate the transaction contemplated hereunder, irreparable harm may occur to the other party as to which money damages alone will not be adequate to compensate such party for its injury. The parties therefore agree and acknowledge that in the event of a failure by either VSS or COVENANT to perform its obligation to convey the assets in connection with the consummation of the transaction contemplated hereunder, the opposing party shall be entitled to specific performance of the terms of this Agreement.

13. **Notices.** All notices, elections and other communications permitted or required under this Agreement shall be in writing and shall be deemed effectively given or delivered upon

personal delivery (or refusal thereof), or twenty-four (24) hours after delivery to a courier service which guarantees overnight delivery, or five (5) days after deposit with the U.S. Post Office, by registered or certified mail, postage prepaid, and, in the case of courier or mail delivery, addressed as follows (or at such other address for a party as shall be specified by like notice):

If to COVENANT, to:

Covenant Network
Attn: John Anthony Holman, President
4424 Hampton Avenue
St. Louis, MO 63109
Phone No. 877-305-7000
Email: tony@covenantnet.net

With a copy to:

Dennis J. Kelly
Law Office of Dennis J. Kelly
Post Office Box 41177
Washington, DC 20018-0577
Phone No. 202-293-2300
Email: dkellyfcclaw1@comcast.net

If to VSS, to:

VSS Catholic Communications, Inc.
Attn: James M. Carroll
13326 A Street
Omaha, Nebraska 68144
Phone No. 402.699.9977
Email: jimc@kvss.com

With a copy to:

J. Dominic Monahan
Luvaas Cobb
777 High Street, Ste. 300
Eugene, OR 97440
Phone No. 541.484.9200
Email: dmonahan@luvaascobb.com

14. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Nebraska, without giving effect to the choice of law principles thereof.

15. **Partial Invalidity.** Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any provision contained herein shall, for any reason, be held to be invalid or unenforceable, such provision shall be ineffective to the extent of such invalidity or unenforceability without invalidating the remainder of such provision or any other provisions hereof, unless such a construction would be unreasonable.

16. **Counterparts.** This Agreement may be executed in several counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

17. **Expenses.** Buyer shall bear the respective costs and expenses for attorneys, accountants, brokers and/or advisers retained by and/or representing the Seller, not to exceed TWO THOUSAND DOLLARS (\$2,000.00). This amount shall be in addition to the purchase price stated above. In all other respects, each party hereto shall be solely responsible for the costs and expenses incurred by either of them in connection with the negotiation, preparation and performance of and compliance with the terms of this Agreement.

18. **Risk of Loss.** The risk of any loss, taking, condemnation, damage or destruction of or to any of the Sale Assets related to Station K207BY (each, an “*Event of Loss*”) on or prior to the Closing Date shall be upon the party then owning such assets and the risk of any Event of Loss subsequent to the Closing Date shall be upon the party acquiring such assets.

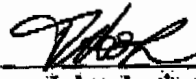
19. **Assignment.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. No party may voluntarily or involuntarily assign its interest or delegate its duties under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed.

20. **Entire Agreement.** This Agreement, and the Exhibits and Schedules attached hereto, supersede all prior agreements and understandings between the parties with respect to the subject matter hereof and may not be changed or terminated orally, and no attempted change, amendment, or waiver of any of the provisions hereof shall be binding unless in writing and signed by both parties.


THE NEXT PAGE IS THE SIGNATURE PAGE

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

COVENANT NETWORK

By:  for Covenant Network
John Anthony Holman, President

VSS CATHOLIC COMMUNICATIONS, INC.

By: 
James M. Carroll, Secretary and Executive Director

Schedule 1

Equipment and Other Assets

All equipment used in the operation of the station including but not limited to:

FM Transmitter tuned to 89.3 Mhz

FM Antennae tuned to 89.3 Mhz

Co-axial cable between transmitter and antennae

Schedule 2

FCC License for Translator K207BY, Facility ID 81203, Chadron, NE, License to Expire June 1, 2021, File No. BRFT-20130103AAN.

Schedule 3

Site use is pursuant to an oral agreement with Dennis A. Brown, President of Chadrad Communications, Inc., licensee of KCSR Radio, Chadron, NE. Payment is \$175.00 per month.