

## CORPORATE STOCK SALE AGREEMENT

THIS AGREEMENT is made and entered into on the \_\_\_\_\_ day of June, 2001 by and amongst Bruce L. Erickson of Bigfork, MT and Brad Rauch of Kalispell, MT, Seller, and Kalispell Christian Radio Fellowship Inc., Purchaser.

### W I T N E S S E T H:

#### RECITALS:

1. Sellers are the sole shareholders, officers and directors of a Montana, profit corporation known as DISTANT SHORES MEDIA, INC., of P.O. Box 9710 Kalispell, MT 59904, with principal place of business in Kalispell, MT. Bruce L. Erickson and Brad Rauch are owners of 66.66 and 33.33 percent, respectively of all of the issued, common stock. Distant Shores Media, in turn, owns an FCC license for the operation of KALS-FM radio station, together with its equipment, staff and operations.
2. Purchaser desires to purchase all of Sellers' stock, assuming control, management and operation of the corporation and applying for its FCC license.

NOW THEREFORE, for the mutual consideration provided herein, the parties agree:

1. Sale of Stock: Seller agrees to sell and convey, and Purchaser agrees to purchase all of the issued, common stock of Seller. Purchaser shall, upon acquisition of ownership of this stock, be fully vested with all of the rights, duties and obligations as owners of Distant Shores Media, Inc., a Montana for profit corporation, including the following:
  1. All assets of the corporation (except as specifically excluded by this agreement), as more particularly set forth in Exhibit "A" which shall be attached to this agreement

and approved by the parties prior to closing, specifically including the ownership and right to assign and transfer (subject to Purchaser's application and qualification) the outstanding FCC license for the ownership and operation of KALS-FM, the conditional right to assign the assumed promissory note to North Valley Enterprises Inc., the furniture, fixtures, equipment, personal property and supplies of Distant Shores Media, Inc. and KALS-FM located at its studio in Kalispell, MT and at its tower sight on Blacktail Mountain near Lakeside, MT; and

2. All outstanding contracts and obligations, specifically including those underlying promissory notes payable which are reference in paragraph 4.
2. Receivables: Purchaser agrees to pay, as part of the consideration for its purchase, an amount equal to 80% of the billed, but uncollected receivables on the books of the general ledger of the corporation calculated as of the calender month preceding the calender month of closing. This amount does not reflect the trade out or auction credits. The amount payable for receivables SHALL NOT increase the amount of cash Purchaser must tender on the date of closing (unless Purchaser chooses to tender additional cash at closing.) Rather, the additional consideration for Seller's receivables shall be added to the amounts due under the promissory notes payable to Seller.
3. Exclusions from sale: The parties acknowledge that Seller shall remove certain assets from the books of the corporation prior to closing, which are not part of the sale. These assets may be sold or donated (without consideration) to reflect their removal as a corporate asset. These assets are listed in Exhibit "B" to be attached to this agreement at or prior to closing with each party acknowledging their consent to the removed items. These include an antique

model automobile, a five foot by eight foot trailer, a music library and all contents of Bruce Erickson's office (except for the computer and all electronic data on this computer, which is part of the sale) and the savings account at Investment Center of Whitefish. Additionally, Seller (Bruce Erickson) reserves the name and right to do business under the name "Distant Shores Media" in the State of Montana (see paragraph 7).

4. Purchase price and payment: The agreed upon price for the sale of this stock is the sum of SEVEN HUNDRED THOUSAND AND NO/100 DOLLARS (\$700,000.00), *plus* an amount for receivables, payable as follows:

1. The approximate sum of \$25,000.00 in principal (with interest to be brought current as of the date of closing) under the terms of a promissory note payable to Glacier Bank of Kalispell. Purchaser shall assume and be responsible for the payment of this note in full and such note shall be paid in full within 10 days of the date of closing.
2. \$35,000.00 earnest money, to be deposited to the trust account of Snyder Law Office within five (5) working days of signature to this agreement. The earnest money shall be held subject to the terms of paragraph 9.
3. \$165,000.00 cash on the date of closing;
4. Purchaser shall assume the underlying promissory note in the approximate principal balance of \$210,000.00 (amount to be fixed on the date of closing with interest paid to the date of closing) in which Distant Shores Media is promisor and North Valley Enterprises, Inc. is the holder. This note is secured by a security agreement of March 10, 1998 and is payable, together with interest at the rate of 8% per annum in equal

monthly installments of \$3,336.50 (*Note: the assignment of this note is subject to the consent and approval of North Valley Enterprises Inc. and is not further assignable*); and

5. The approximate sum of \$265,000.00, PLUS THE AMOUNT ATTRIBUTABLE TO ACCOUNTS RECEIVABLE, pursuant to the terms of two, individual promissory notes, with principal balances allocated according to the proportional ownership between Sellers. These notes shall also be secured by (1) a security interest in all of the assets of the corporation now existing or "after-acquired," including cash, accounts and receivables (subservient, however, to the security interest in subparagraph 4d above); (2) an assignment of all real property, building and improvement lease contracts for the studio and tower site locations and of all renewals of such lease contracts; and (3) Purchaser's acknowledgment and agreement that these notes ***AND THE UNDERLYING NOTE TO NORTH VALLEY ENTERPRISES, INC.*** are not further assignable in whole or in part, and that any subsequent sale, conveyance or assignment of the collateral for these notes (not in the ordinary course of business) shall result in the entire remaining balance of all notes becoming immediately due and payable. The notes in this subparagraph shall be due and payable, together with interest at the rate of 8% per annum in equal monthly installments, amortized over a 10 year period, with the entire remaining balance due and payable in five (5) years.

5. Security Agreements: The respective security agreements shall, in addition to the usual and customary language providing Seller with all of the rights as a secured party under the Montana Uniform Commercial Code, provide:
1. That a default under either promissory note or security agreement shall constitute a default under each promissory note and security agreement entitling either or both holders of these promissory notes to exercise their rights of legal action to enforce the notes and security;
  2. That Purchaser shall provide Seller with copies of semiannual financial statements (including a current balance sheet and profit and loss statement); annual tax returns; and bank statements for the sixth and twelfth calendar months; and that failure to provide all such documents within thirty days of the sixth and twelfth months (or thirty days of the due dates of filing tax returns) shall be a default under the security agreement;
  3. That, upon any neglect or failure of Purchaser to pay any tax liability when due for more than sixty (60) days beyond a due date; or in the event that a delinquent account is referred to collection or a collection proceeding commenced (except where liability is disputed), that such failure shall constitute a default under the security agreement;
  4. That Purchaser shall not make any payments, capital or cash distributions or transfers to any person, entity or agency outside of Purchaser's nonprofit corporation, nor to any employee or owner which is not in the ordinary course of business (except that payment on the promissory note to L. Peter Larson is allowable) and that making of any such payment, distribution or transfer shall constitute a default under the security

agreement; and

5. That Seller shall send a notice of default to Purchaser by certified mail, return receipt requested, describing the default in general terms. Purchaser shall have thirty (30) days within which to cure the default and provide proof to Seller within this "cure period." Seller shall not commence any foreclosure or other legal action without complying with the requirements of this subparagraph.
6. Health insurance: As additional consideration, Purchaser, at their cost, agrees include Bruce Erickson as a beneficiary under the existing health insurance plan. Erickson may elect to obtain coverage for any dependents at his cost. If Erickson elects dependent coverage, he shall pay Purchaser monthly for Purchaser's actual premium attributable to the additional dependent(s). Purchaser may change it's insurance coverage, but must provide reasonably similar coverage to Bruce Erickson ONLY UNTIL the balance of the promissory note to Erickson and to Brad Rauch is paid in full. Erickson shall, on the month following payoff, be fully responsible for 100% of his and his dependants health coverage.
7. Name retention: Seller (Bruce Erickson) expressly reserves the right to use and do business under the name "Distant Shores Media" in the State of Montana. For purposes of this sale, Sellers shall assign and transfer their common stock in the corporation to Purchaser and Purchaser shall record such stock ownership in their name and under the name of the existing corporation, "Distant Shores Media." Within ninety (90) days of closing, Purchaser shall sell and transfer the assets of the corporation to a separate, non-profit corporation of their choosing. "Distant Shores Media, Inc." shall then be dissolved. Contemporaneous with the filing of Articles of Dissolution of Distant Shores Media, Bruce Erickson shall apply for a

name reservation of Distant Shores Media in order to secure his right to retain the name under this contract. Legal counsel for the respective parties shall cooperate in order that appropriate documents may be simultaneously filed with the Montana Secretary of State.

8. Resolutions and Resignation: Sellers shall submit written resignations as officers in the corporation and Sellers shall deliver an appropriate resolution authorizing and confirming all of the terms of sale.
9. Earnest Money: The earnest money deposited shall be held in a trust account held by Snyder Law Office of P.O. Box 717, 8090 Hwy 35 Bigfork, MT 59911, pending closing of this agreement. Purchaser shall provide a Federal Tax Identification number (or Social Security number) to Snyder Law Office and Snyder Law Office shall establish an interest bearing account for the earnest money, with all interest reportable to Purchaser's tax identification number.

Upon closing, this earnest money shall be applied to the purchase price. A 1099 interest income statement shall be issued by the financial institution from which the funds were deposited directly to Purchaser (when such statements are normally issued). In the event this agreement fails to close because of breach by Purchaser, Seller shall have the right to retain the earnest money, including interest as sole, liquidated damages and as consideration for entry into this agreement. In the event the FCC fails to authorize the transfer of the license and the consummation of the transaction within eight (8) months of the date of this agreement (provided Purchaser proceeds with due diligence to obtain such approval) then this agreement may be terminated by either Seller or Purchaser by written notice delivered to the other party. Then in this event, all earnest money and accrued interest

shall be fully refunded to Purchaser. Purchaser may additionally give notice of termination of this transaction and a demand for full return of all earnest money (including interest) in the event any other material warranty of Seller is breached which prevents Seller from completing closing.

10. Contingencies: The closing of this agreement is expressly contingent upon:

1. Purchaser applying for and successfully obtaining approval from the Federal Communications Commission for the transfer of the licenses, permits and authorizations to do business as KALS-FM radio station. Purchaser shall, within five (5) working days of execution of this agreement, timely apply for FCC approval. Purchaser will utilize their own legal counsel for this purpose. Purchaser will pay the attorney's fees attributable to the filing of the application and all follow up work which is reasonable and necessary for the issuance and approval. The parties will equally share the application filing fee of \$750.00;
2. The parties obtaining written consent from and resolution authorizing the resale of collateral and assignment of its note to North Valley Enterprises, Inc.;
3. The parties' agreement to the contents of Exhibit "A" Assets and Exhibit "B" Exclusions;
4. Purchaser's receipt and approval of the lease contracts for Distant Shores Media Inc., Lessor, for its studio and tower sites.

11. Sellers representations and warranties: Seller represents and warrants the following:

1. On the date of closing, Distant Shores Media, Inc. is the owner and holder of the appropriate Federal Communications Commission license for the operation of



KALS-FM radio station of Kalispell, MT, together with any and all auxiliary commission licenses and such licenses shall be in full force and effect and unimpaired by any acts or omissions of Seller, its employees or agents.

2. Distant Shores Media, Inc. is a Montana, for profit corporation registered and in good standing with the Montana Secretary of State. Sellers own 100% of the outstanding, paid up, lien free, common stock of this corporation. Sellers are the sole shareholders, officers and directors of this corporation.
3. On the closing date, there will be no outstanding obligations against Seller or the corporation which will affect Purchaser or this transaction in any manner except as expressly set forth in this agreement. Except for ongoing payables, payables not yet due or obligations to be assumed by Purchaser, there shall be no other outstanding, unpaid debts, liabilities or obligations of Distant Shores Media on the date of closing which will not be fully paid and discharged on the date of closing.
4. Distant Shores Media, Inc. is the owner of clear and merchantable title to all furniture, fixtures, equipment, assets and supplies at its studio and at its tower and transmission sight on Blacktail Mountain, or is the Lessee under written lease agreements. All lease agreements are in good standing, are current and shall remain current up to and including the date of closing. All such assets and equipment is in operable condition on the date this agreement is executed. Seller shall maintain the operable state of repair at its own expense up to and including the date of closing and all equipment shall be in operable condition on the date of closing. Seller and Distant Shores Media shall not warrant or guarantee the condition or lifetime of any

equipment subsequent to the date of closing.

5. Seller has certain advertising tradeouts and advertising contracts as shown in the station accounts receivable records and Purchaser acknowledges and agrees to honor all such obligations.
6. There is no litigation or court proceeding nor any administrative proceeding or investigation pending or, to Sellers knowledge, threatened as of the date of execution of this agreement against or relating to the station or the properties assets, licenses or other items proposed to be sold under this agreement which would affect Purchasers enjoyment or use of the assets and operations under this agreement. Seller does not know and does not have any reasonable grounds upon which to know of the possibility of any intended action or investigation.
7. Seller is unaware of, has had no notice of, and has no reason to believe that there is any history of nor presence of any hazardous waste substance, deposit, storage or presence at its business premises site or at the site of its tower and transmission facilities on Blacktail Mountain.
8. Seller agrees that prior to closing, if there exists any violation of the rules and regulations of the Federal Communication Commission or notice of violations of said rules and regulations, Seller shall, to the best of their abilities, endeavor to remove all such violations or notices and Seller agrees to remain liable and hold Purchaser harmless from any such action or notice.
9. The representations and warranties of Seller contained in this agreement shall be true and complete at and as of the time of closing as though the representations and

warranties were made at and as of such time.

10. Seller and Distant Shores Media Corporation shall continue to do business in normal fashion and shall not engage in nor undertake any transaction not in the ordinary course of business except as expressly provided in this agreement and except to prepare for this sale. Seller shall not borrow money, pledge assets, reorganize its stock or ownership nor shall Seller (including Distant Shores Media, Inc.) undertake any other act or transaction which would materially alter the status of the business prior to closing.
12. Purchaser representations and warranties: To the best of Purchasers knowledge, information and belief it (they) are qualified financially and otherwise to become the licensee of the station. Purchaser knows of no facts nor does it have any reason to suspect that the commission would not find it to be qualified to own and operate the station. Purchaser will sign and deliver at closing a corporate resolution ratifying this contract and all closing documents.
13. Risk of loss: Seller shall be responsible for all risk of loss prior to closing. In the event of catastrophic loss or destruction of the studio or transmission facilities of KALS-FM, either party may elect to terminate this agreement. Alternatively, the parties may elect to extend a closing deadline until Seller can replace or restore its loss.
14. Employees and transition: Purchaser intends to retain Brad Rauch as general manager of KALS-FM. Purchaser and Brad Rauch may, by separate negotiations, enter into any other agreement respecting his continued employment which is not a part of this contract. Similarly, Purchaser intends to retain other personnel of KALS-FM at present salary and

benefits. Purchaser shall subsequently transfer the assets of the corporation to a new, non-profit corporation, after which Purchaser shall institute its own personnel policy. There are no other agreements respecting staff or personnel except as provided in this paragraph.

15. Prorations: The parties shall not prorate any accounts, income or obligations except as expressly provided in this agreement. Accounts receivable shall be fixed and purchased at closing. Obligations and accounts payable shall be paid current at closing except for ongoing services and accounts or other obligations which Purchaser is expressly assuming under this agreement. All other accounts payable and obligations which fall due subsequent to the date of closing shall be expressly assumed and paid for by Purchaser in a timely fashion following closing. Purchaser may continue to use the current State and Federal Tax Identification numbers and Unemployment and Workers Compensation accounts until such time as Purchaser forms and transfers assets to its new, non-profit corporation. Purchaser may additionally transfer the existing experience ratings for workers compensation and unemployment insurance to the extent that such transfers are available.
16. Transition and assistance: Brad Rauch shall continue as station general manager and therefore no specific provision is made for requiring Bruce Erickson's continued presence at the station for transition and assistance in Purchaser's takeover of the station operations.
17. Independent investigation: Purchaser represents and warrants that it has made its own, independent inspection of the station and studio premises, tower and transmission facilities at Blacktail Mountain, has inspected the accounts, contracts, books, ledgers, records, reports, returns, licenses and documentation and any and all additional documents, records or things reasonable and necessary for its determination and decision to make this purchase at the

agreed upon price and terms. Except as expressly provided in this agreement, Purchaser is not relying on any statement, claim or representation not stated in this agreement. Purchaser additionally acknowledges and agrees that, following closing, the commercial, spiritual, ministerial and practical success and future of the station shall depend upon numerous factors and that seller does not warrant or guarantee any such success, future or outcome.

18. Closing: This sale shall close within ten (10) calendar days of the date upon which the Federal Communications Commission issues its approval of Purchaser's license application, but no sooner than August 16, 2001. The parties shall execute or deliver at closing, the following documents:

Corporate Resolutions authorizing purchase and sale (from Buyer and Seller)

Letters of resignation of Bruce L. Erickson and Brad Rauch.

Promissory note to Bruce L. Erickson.

Security agreement and UCC financing statement between Purchaser and  
Bruce Erickson.

Promissory note to Brad Rauch.

Security agreement and UCC financing statement between Purchaser and  
Brad Rauch.

Closing and settlement statement itemizing breakdown of cash, receivables,  
assumed debt, new debt and expenses of closing.

Endorsed certificates of stock

Corporate "Books"

Resolution from and Consent by North Valley Enterprises for resale  
of collateral and one-time assignment of its note from Distant  
Shores Media, Inc.

Irrevocable "Re-assignment" of lessees' interests in lease contracts for the  
business studio and for tower-site locations, for collateral security

The parties agree to equally share the attorneys fees to Snyder Law Office for preparation of all documentation in connection with this sale, equally share attorneys fees attributable to the conducting of closing, equally share all costs of recording of documents with the Montana Secretary of State and equally share the FCC application filing fee. The parties shall otherwise pay their own attorneys fees for review and advice relative to this sale. All parties agree to execute and deliver at closing all other such documents reasonably necessary to adequately document this transaction.

19. Hold back: The parties agree that, at the time Purchaser pays the balance of principal and interest due under the promissory notes to Bruce L. Erickson and Brad Rauch, a sum not to exceed \$30,000.00 (and deducted from the payoff) may be paid and delivered to the Snyder Law Office trust account, to be held on deposit as security against a known or reasonably expected claim or liability against Sellers or Distant Shores Media, Inc. due to an act, omission or transaction which occurred prior to sale. To invoke this holdback, Purchaser shall give advance, written notice to Seller of the following:

1. The nature of the expected claim and ground upon which the claim will likely be asserted;
2. The party, parties (or entity) which is reasonably expected to make the claim; and

3. A citation to the applicable statute of limitations which shows that the statute applicable to the claim stated in Purchaser's notice has not expired.

In the event Purchaser complies with these requirements and sends a notice incorporating these requirements, then Purchaser may send the funds as indicated and the funds shall be placed in an interest bearing trust account under Sellers' respective Social Security numbers with all interest income payable and reportable to their respective interests. Snyder Law Office shall hold these funds only until:

- d. The named party or entity agrees in writing not to make the referenced claim;
  - e. The party or parties fail to file the threatened claim within the applicable statute of limitations;
  - f. The claim is resolved to Purchasers and Sellers' satisfaction; or
  - g. A court of competent jurisdiction directs the disposition of the funds.
1. Time of essence: Time shall be considered of the essence in this agreement and all of its applicable terms.
  20. Costs and attorneys fees in the event of enforcement action: In the event any party shall take action to enforce or interpret the terms of this agreement and in the event of unresolved litigation, the prevailing party shall be entitled to their costs of suit and a reasonable attorney's fee.
  21. Continuation: This agreement shall be binding upon inure to the benefit of the parties hereto, their heirs, executors, administrators, successors and assigns.
  22. Effective law: The terms of this agreement shall be governed by the laws of the State of Montana. In the event of any litigation under this agreement, venue shall be with the 11<sup>th</sup>

Judicial District Court in and for the county of Flathead.

23. Counterparts: This agreement may be signed in any number of counterparts with the same effect as if the signature or signatures upon each counterpart were upon the same document.
- Signature to this agreement may be by facsimile or electronic signature.
24. Survival: The provisions of this agreement which by their terms are to be performed or observed after the date of closing shall survive the closing and shall continue to be binding upon and inure to the benefit of all of the parties hereto, their heirs, representatives, successors and assigns.
25. Conflict Resolution: The parties hereby agree to resolve any conflict in this transaction, prior to or after closing, in the following manner and order of priority:
1. The parties will contact each other personally or in writing and make a complete, good faith effort to express a dissatisfaction and a request for response and resolution; a party having been so contacted will respond in kind within seven (7) calendar days. The parties will continue to dialogue personally or in writing in an effort to resolve the conflict;
  2. Either party may seek the assistance of legal counsel at any stage of conflict resolution;
  3. If direct contact (or through legal counsel) does not achieve conflict resolution, then the parties agree to submit the matter to a professional Christian mediation agency, *i.e.* Christian Conciliation Service, for assistance in resolving the conflict. Each party agrees to fully and in good faith comply with the mediator's requests and procedures on a timely basis.



26. Entire agreement: This agreement contains the entire understanding of the parties and shall not be changed, modified, amended, extended, terminated, waived or discharged except by an instrument in writing, signed by the parties hereto.

SELLER

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BRUCE L. ERICKSON

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BRAD RAUCH

CONSENT

DISTANT SHORES MEDIA, INC. a Montana corporation, does hereby join in and consent to the sale of common stock under the price and terms set forth in this agreement.

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Bruce L. Erickson, President

PURCHASER

Kalispell Christian Radio Fellowship Inc.

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By: Roger Lonnquist, It's President

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