

October 17, 2002

Mr. Fred R. Morton  
P.O. Box 704  
Sugar Land, TX 77487-0704

Re: Purchase of KRCM(AM), Beaumont, Texas

Dear Mr. Morton:

This will serve as an offer from Voice in the Wilderness Broadcasting, Inc., DBA Voice Broadcasting, or through a subsidiary or assignee entity ("Buyer") to purchase broadcast station KRCM(AM), Beaumont, Texas("Station") from Fred R. Morton & Evelyn K. Morton ("Seller").

This letter outlines the basic offer and terms, which are subject to the prior approval of the Federal Communications Commission ("FCC" or "Commission"), and which will, as soon as practicable, be incorporated into a definitive Asset Purchase Agreement ("Agreement") containing, in addition, supplementary detailed covenants, warranties, conditions and other provisions mutually satisfactory to the parties. If this offer is acceptable please sign on the last page.

The basic offer is as follows:

**1. Assets to be Acquired by Buyer:**

- 1.1 Licenses and any other authorizations for the operation of the Station.
- 1.2 Station's fixed and tangible personal assets, excluding cash and receivables.
- 1.3 Intangible rights the Seller may have, including but not limited to, call letters of the Station and any promotional use thereof.
- 1.4 Leases, and other agreements which may be specifically assumed by Buyer in writing.
- 1.5 Any real property owned by Seller and used or useful in the operation of the Station.

2. **Asset Acquisition Price.** Two Hundred Fifty Five Thousand Dollars (\$255,000) shall be paid in cash or by wire transfer at Closing.
3. **Proposed Closing Date.** The proposed closing date ("Closing") shall be within 5 days of the date all regulatory approvals become final. At Buyer's option Closing may occur anytime after FCC approval.
4. **Earnest Money Deposit.** Ten Thousand Dollars (\$10,000) will be paid by Buyer upon execution of this document, by both parties, as a deposit against the purchase price. In the event the parties do not enter into a definitive Agreement as contemplated then the deposit shall be returned to Buyer, payable in five monthly installments of \$2,000. Buyer will additionally make an **Twelve Thousand Seven Hundred and Fifty Dollars (\$12,750)** deposit with Seller to be held in escrow by Buyer's counsel, Gammon & Grange, P.C. ("Escrow Agent") within ten (10) days of execution of this Letter of Intent. The Earnest Money Deposit shall be held and delivered as follows: Upon consummation of the acquisition at the Closing, the deposit shall be paid to Seller and applied in partial satisfaction of the purchase price, otherwise the deposit and interest shall be returned to Buyer; provided however, if Buyer is in material breach of the Agreement, the deposit shall be paid to Seller. In the event the Buyer and Seller fail to enter into an Agreement as contemplated by this Letter of Intent, Buyer shall direct the Escrow Agent in writing to return the deposit to Buyer.
5. **Continued Operation of Station.** As long as this letter or the Agreement remains in effect, Seller shall continue the operation of the Station in accordance with past practices, and will not permit it to incur any material liabilities or commitments not in the ordinary course of business inconsistent with past practices, and will not permit transfer of any asset for less than fair value.
6. **Counterparts.** This letter may be executed in any number of counterparts, each of which, when executed, shall be deemed to be original and all of which together shall be deemed to be one and the same instrument.
7. **FCC Consent.** In the event the FCC has not issued its consent to the contemplated assignment of the Station license to Buyer within twelve (12) months of filing the Agreement with the FCC, or in the event the FCC orders a hearing to be held on the contemplated assignment of the Station license, either party may rescind and terminate this Agreement, and the escrow deposit shall be returned to Buyer together with interest earned, provided Buyer is not in breach of the Agreement.
8. **Assignment Fees.** Buyer and Seller shall split all FCC fees attributable to the assignment of the Station as contemplated hereunder. Buyer and Seller shall bear their own attorney fees.
9. **FCC Licenses.** Seller warrants that at Closing its FCC license to operate the Station shall be in full force and effect.

10. **Station Equipment.** Seller warrants that at Closing the Station shall be operating in accordance with its FCC license and all equipment used in conducting broadcasting operations shall be in good operating condition, normal wear and tear excepted.
11. **Agreement.** The parties shall in good faith endeavor to prepare and negotiate an Asset Purchase Agreement acceptable to each party and to be executed by Seller and Buyer not later than November 15, 2002 (the "Expiration Date").
12. **Confidentiality.** Buyer and Seller agree that they will use their best efforts to keep confidential all information of a confidential nature obtained by them from the other (including the terms of this proposal and the identity of the Buyer) in connection with the transactions contemplated by this letter, whether the transaction closes or is terminated by the parties, and, in the event that such transactions are not consummated, will return to the other all documents and other materials obtained from the other in connection therewith.
13. **Agreement Not to Market.** From the date of the execution of this letter until the sooner of (i) the execution of an Agreement, or (ii) the termination of the obligations of the parties hereunder, neither Seller nor any of its directors, officers, agents, shareholders, or other representatives will initiate, discuss, encourage or entertain, or provide any information to another person or entity with respect to any sale of all or a significant portion of the Assets, nor shall such parties enter into or consummate any agreement to effectuate any such transactions.
14. **Lease Management Agreement.** The partners agree to negotiate a Lease Management Agreement ("LMA") to be effective on the earliest possible date for the term pending approval of the Agreement. The LMA would provide for a **Four Thousand One Hundred and Thirty Six Dollars (\$4,136)** monthly fee plus ordinary reasonable operating expenses not to include payment of any loans.
15. **Adjustment to Purchase Price.** If Closing occurs within sixty (60) days of public notice of FCC acceptance of the assignment application the purchase price shall be reduced by **Fifteen Thousand Dollars (\$15,000)**, and shall be reduced by an additional **Twenty Five Hundred Dollars (\$2,500)** every month thereafter for a maximum credit of **Seventeen Thousand Five Hundred Dollars (\$17,500)**.
16. **Immediate Filing.** The parties agree to file an assignment application with this Letter of Intent as soon as possible and will supplement the assignment application with the Agreement.
17. **Purpose.** This Letter states the basic terms upon which the parties have agreed.
18. **No Liability.** Except for Sections 4 and 13 above, which shall be legally binding, the Letter of Intent (a) is not intended to be, and is not, a binding agreement between the Parties but merely constitutes an expression of their intent with regard to the transactions described herein and (b) imposes no liability or binding obligation on either Party. No past or future action, course of conduct, or failure to act relating to the proposed acquisition, or relating to the negotiation of the terms of the proposed acquisition or relating to the negotiation of the

terms of the proposed acquisition or any definitive agreement, will give rise to or serve as a basis for any obligation or other liability on the part of the Parties.

**19. Additional Consideration.**

- A. As part of the Agreement, when an "AM major change" filing window opens at the Commission, Seller will have the right, at his own expense, to perform the necessary engineering and legal work to determine if KRCM ("Station") could be moved into the Houston-Galveston metro.
- B. KRCM, as a new Houston-Galveston metro AM will be offered for sale once it is determined the upgrade is possible. The Buyer shall decide whether or not to sell the Station. The final decision to sell is Buyer's. Buyer shall not unreasonably refuse to sell the Station. Seller shall be paid 20% of the net sales price of the relocated Station, be it a CP or a built facility.
- C. Seller agrees to do the engineering and filing to improve KOLE coverage in Beaumont to compensate for the loss of KRCM in the Beaumont market.
- D. Seller takes the risk of no window opening and/or the possibility of a window opening and incurring expenses but no CP being granted.
- E. Whatever settlement would have to be reached with the licensee of 1390 (El Campo) to effect the move, Seller would bear 20% of such expense and Buyer would bear 80%. Seller agrees to obtain an agreement in writing from the owner of 1390AM in ElCampo for improvements to the facility required to allow the move for KRCM, as well as any other incentives required as a part of this agreement at the earliest possible date. The agreement with the license of 1390, however, shall be subject to Buyer's prior written approval.
- F. Seller will be entitled to the Additional Consideration as provided in this Section for a period of Eight (8) years from the date of closing.

This offer shall expire on October 30, 2002 if not accepted by that date.

If this proposed offer is satisfactory, please signify your acceptance by signing where indicated below.

**BUYER**

**VOICE BROADCASTING, INC.**

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ACCEPTED:**

**SELLER**

**FRED R. MORTON & EVELYN K. MORTON**

Attestation: \_\_\_\_\_

By \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_