

SALE AND PURCHASE AGREEMENT

THIS AGREEMENT, dated as of the 27th day of March, 2002, by and between North Star Broadcasting, Ltd., a Minnesota corporation (hereinafter "North Star" or "Seller"); and Twin Hearts Media, Inc., a Minnesota non-profit corporation (hereinafter "Twin Hearts" or "Purchaser"):

WHEREAS, Seller is the licensee and operator of Standard Broadcast Station KSMM, 1530 kHz, Shakopee, Minnesota, FCC Facility ID # 49307 ("the Station"); and

WHEREAS, the Seller desires to sell and the Purchaser desires to purchase the assets, authorizations and goodwill of the Station in order to serve the public interest, convenience and necessity; and

WHEREAS, the grant by the Federal Communications Commission ("Commission" or "FCC") of an application on FCC Form 314 for Commission consent for assignment of license of the Station (which application will contain this Agreement), is an express condition precedent to the obligation of the Purchaser to consummate this Agreement;

NOW, THEREFORE, the parties hereto agree as follows:

1. **Assets to Be Sold.** In consideration for the payments and other good and valuable consideration stated in the paragraphs below, and upon the terms and conditions set forth herein, on the Closing Date, Seller shall sell, assign, transfer, convey and deliver to Purchaser free and clear of all liens, claims, encumbrances, security interests, charges and restrictions, except as specifically stated in paragraphs 3 and 4 below, all of the assets described as follows (hereinafter "the Sale Assets"):

a. All of Seller's right, title and interest to the license granted by the Commission for the operation of the Station, subject to its expiration on April 1, 2005, and all of its related broadcast auxiliary Stations (if any), together with any renewals, extensions or modifications thereof, as listed on Schedule A attached hereto and incorporated by reference herein (the "Licenses");

b. All of Seller's right, title and interest in and to the tangible and intangible personal property owned by it devoted to Station KSMM exclusively as is set forth in

Schedule B attached hereto and incorporated by reference herein;

c. An assignment of all of Seller's right, title and interest in and to the agreement whereby Seller leases or licenses the use of the KSMM Transmitter Site ("the Site Lease"), a true copy of which is appended hereto as Schedule C and incorporated by reference herein;

d. An assignment of all of Seller's right, title and interest in and to the agreement whereby Seller leases or licenses the use of the premises where the KSMM studio and offices are located ("the Studio Lease"), a true copy of which is appended hereto as Schedule D and incorporated by reference herein;

e. An assignment of all of Seller's rights, duties and obligations pursuant to only those certain contracts and leases relative to the operations of the Station specified on a list which is attached hereto as Schedule E and incorporated by reference herein;

f. All of Seller's right, title and interest in and to the call letters "K S M M";

g. Any and all logs pertaining to the Station's operations, the "public file" required by 47 C.F.R. §73.3526 to be maintained for the Station, and other records relating to the Station and its operations maintained by the Seller, with the exception of corporate and financial records pertaining to the Seller; and

h. All goodwill associated with the Station acquired on or before the Closing Date.

2. **Consideration.** As the total consideration for Seller's sale to Purchaser of all of the Sale Assets listed in the preceding paragraph, Purchaser shall pay to Seller a purchase price of EIGHT HUNDRED FIFTY THOUSAND DOLLARS (\$850,000.00) in lawful money of the United States of America, in the following manner:

a. Purchaser has deposited into escrow with Thomas G. Lovett, Seller's Minnesota attorney ("Escrow Agent"), the sum of FORTY-TWO THOUSAND FIVE HUNDRED DOLLARS (\$42,500.00) (the "Escrow Deposit") pursuant to an Escrow Agreement, a true copy of which is appended hereto as Schedule F and incorporated herein by reference. The Escrow Deposit is to be deposited in an interest bearing money market account in a federally insured depository institution such as a bank or

savings and loan association and all interest thereon shall accrue for the benefit of Purchaser.

b. At closing, Escrow Agent shall release the Escrow Deposit to Seller and all interest accrued thereon to Purchaser, and simultaneously therewith (i) Purchaser shall pay to the Seller in cash or such cash equivalent as Seller may reasonably request THREE HUNDRED EIGHTY-TWO THOUSAND FIVE HUNDRED DOLLARS (\$382,500.00) and (ii) Purchaser shall deliver its promissory note (in the form of the "Draft Note" appended hereto as Schedule G and incorporated by reference herein) to the order of Seller in the amount of FOUR HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$425,000.00), with interest accruing at the rate of SIX PERCENT (6%) per annum on the unpaid balance, payable in sixty equal monthly installments of principal and interest of EIGHT THOUSAND TWO HUNDRED SIXTEEN DOLLARS AND FORTY-FOUR CENTS (\$8,216.44) each, such Promissory Note to be secured by a senior purchase money security interest in (A) the assets and general intangibles of the Station, including but not limited to the proceeds from any sale of the License of the Station, and (B) provision of a first perfected security interest in liquid assets or marketable real estate with a value equal to or greater than ONE HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$125,000.00), subject to the consent of Seller which shall not unreasonably be withheld. This giving of collateral shall be evidenced by a "Security Agreement" (in the form of Schedule H appended hereto and incorporated by reference herein) to be executed by Seller and Buyer at Closing.

c. All taxes and assessments, utility bills and other ongoing costs of usual operation of the Station shall be prorated to the date of Closing, and the total purchase price shall be adjusted upward or downward as the case may be. All sales or use taxes, transfer taxes, and similar taxes and fees incurred up to the date of Closing, together with any costs of recordation, filing fees or the like, and taxes incurred subsequent to the Closing Date, shall be allocated between Buyer and Seller and paid according to legal requirements and prevailing practice in the State of Minnesota. Whoever is the licensee on the last day for the payment of annual FCC regulatory fees shall be responsible for their payment (these fees are not subject to proration).

3. **Pledge of Donation.** At or within 5 days of the Closing Date, Seller pledges to donate to Purchaser the sum of ONE HUNDRED THOUSAND DOLLARS (\$100,000.00), in such manner as the Seller may decide.

4. **Cash; Accounts Receivable; Excluded Assets.** It is specifically agreed and understood that any cash on hand at the Station as of the Closing Date shall be retained by the Seller. Further, Seller shall retain any bank accounts, cash equivalents and securities and other investments owned by Seller as of the Closing Date. All accounts receivable of the Station and notes receivable in favor of Seller in existence as of the Closing Date shall be the property of the Seller. Seller is solely responsible for collecting its own receivables. Further, the Sale Assets shall not include Seller's books and records pertaining to corporate organization, taxation, employee pension, and other benefit plans, or accounts receivable. In addition, The following assets currently on the premises of the Station are specifically excluded from this transaction:

a. All assets belonging to Las Americas Corporation or Selwyn Ortega;

b. One (1) Lexmark multi-function office machine; and

c. One (1) Gateway 2000 computer and associated peripherals.

5. **No Liabilities Assumed Other Than Those Expressly Disclosed.** The parties hereto agree and understand that this Agreement is for a sale and purchase of free and clear Sale Assets, subject only to those contracts and leases listed in Schedules C, D and E. Therefore, except as specifically agreed to and stated herein or listed on Schedules C, D and E appended hereto and incorporated herein by reference, Purchaser does not assume, pay or discharge any debts or obligations of Seller with respect to the Station. In this regard, as Purchaser intends to operate Station KSMM as a non-commercial, educational AM station after Closing, Seller agrees that (a) it will not sell any advertising on the Station which is to be aired after the Closing Date and (b) it will ensure that the Station will perform all commercial announcements that it is required to air pursuant to barter or "trade out" contracts prior to the Closing Date, so that its barter balance is no worse than "zero" (any products or services which have accrued in favor of Seller as the result of such barter or "trade out" contracts shall remain the property of Seller after the Closing Date). Any and all liabilities pertaining to the Station which are incurred by or on behalf of the Station subsequent to the Closing Date may only be incurred by the Purchaser and shall be discharged by the Purchaser.

Purchaser agrees to hold Seller harmless with respect to any liabilities incurred by Purchaser subsequent to closing.

6. **Commission Consent.** It is understood and agreed by all parties that the prior written consent of the Commission to an application on FCC Form 314 for consent to the voluntary assignment of the licenses of the Station (the "Application") is required before consummation of this Agreement can occur. The Application shall be filed within five (5) calendar days of the date hereof. Except as otherwise provided herein, each party shall pay its own legal fees and other expenses incurred with the preparation and execution of this Agreement and the Application. Buyer's portion of the Application shall demonstrate that Buyer is a non-profit corporation and will contain a showing that it is non-feeable. In the event that the Commission assesses an application fee upon the Application, then such fee shall be paid promptly by Buyer.

7. **Closing Date.** For purposes of this Agreement, the Closing Date shall be weekday not later than the fifteenth (15th) calendar day subsequent to the date upon which the action of the Commission granting consent to the assignment of license of the Station from Seller to Purchaser shall be final and no longer subject to administrative or judicial action, review, rehearing or appeal. Closing shall take place at the offices of Seller or its attorney, or at such other place as is mutually satisfactory to the parties, not later than 10:00 a.m. Central Time on the last day for Closing under this paragraph; provided that Purchaser shall have the sole right to close at any time subsequent to receipt of FCC staff approval of this transaction, subject to giving Seller five (5) calendar days' advance notice of the closing date.

8. **Time of the Essence.** Time is of the essence in the completion of this Agreement and the consummation thereof.

9. **Conditions Precedent to Purchaser's Obligation to Close.** The obligations of Purchaser under this Agreement are, at its election, subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions precedent:

a. That the license for the Station be validly existing, subject to its expiration on April 1, 2005, and that the Application described in paragraph 6 above be granted;

b. That, to the best of Seller's knowledge, information and belief the Station and all of its assets are now and on the Closing Date will be in material compliance with all applicable laws, ordinances, regulations, rules and orders. Purchaser shall be satisfied on the Closing Date as a condition precedent to its obligation to close that the tangible assets being purchased are used in the day to day operation of the Station, and are as of the date hereof and will be as of the Closing Date in condition comparable to that during the period immediately prior to execution of this Agreement, when Seller conducted its due diligence investigations of the Assets. Subsequent to the Closing, Purchaser will assume all responsibility for material compliance with all applicable laws, ordinances, regulations, rules and orders relative to the Station.

c. That any lease to be assumed by Purchaser pursuant to paragraph 5 above and the leases listed in Schedules Cand D and those contracts, leases and obligations listed in and designated as "material" on Sechedule E hereto can be assumed by Purchaser. Seller and Purchaser agree that this is a material condition, the existence of which is material to Purchaser's decision to enter into this Agreement and to perform according to its terms.

d. That as of the Closing Date the following representations, the truth and accuracy of which are conditions precedent to Purchaser's obligation to close, are true and accurate:

i. Seller shall not have received any notices from any governmental authority regarding condemnation or zoning, building, fire or safety code violations in respect to any of the Sale Assets that have not been corrected or rescinded, and which will interfere with the continued use of the Sale Assets by Purchaser or the conduct of the operations of the Station in the same manner as such operations are now conducted;

ii. Seller has received no notice of any private, regulatory or judicial action, or notice of any contemplated or intended private, regulatory or judicial action pursuant to any environmental law, rule or regulation that have not been corrected or rescinded and which will interfere with the continued use of the Sale Assets by Purchaser or the conduct of the operations of the Station in the same manner as such operations are now conducted;

iii. Seller has received no notice that it is not in compliance with all applicable FCC rules and regulations

pertaining to "RF Radiation", and Seller has disclosed and provided to Twin Hearts, in the event they exist, copies of any environmental audits, reports or inspections pertaining to any of the Sale Assets;

iv. To the knowledge of Seller, no hazardous substances, hazardous wastes, solid wastes or radon have been disposed of or otherwise released into the environment prior to the Closing Date by Seller, its employees, representatives or agents (or caused such release to be continuing after the Closing Date) in a manner in violation of applicable law; and

v. To the knowledge of Seller, the Sale Assets contain no PCBs or friable asbestos in a condition requiring abatement.

e. That, as of the Closing Date, with respect to the business operations of the Station by Seller, the following representations, the truth and accuracy of which are conditions precedent to Purchaser's obligation to close, are true and accurate:

i. The spare parts inventories for the technical operating equipment of the Station shall be at the levels normally maintained by Seller;

ii. Seller's title and/or rights to the property described in Schedules C and D are valid and existing, that any leasehold can be assigned to Purchaser (other than as may be set forth in the copies of such leases provided to Purchaser, and that any required consent to Purchaser (that is, for the leases in Schedules C and D and those agreements designated as "material" in Schedule E) has been obtained (assuming said leasehold has been obtained in writing);

iii. Seller has applied to the Commission for and has received all required "antenna structure registration" numbers for the towers in its directional antenna system, or has otherwise determined that such "antenna structure registration" is not required for said towers, and that all towers in the Station's directional antenna system, and the guy wires for each tower shall be properly tensioned as of the Closing Date;

iv. Seller and/or the Station shall not be a party to any collective bargaining or other labor agreements that are likely to have a material adverse impact upon Buyer following consummation of this Agreement, and that there

shall be in existence no active attempt by any labor organization to unionize the employees of the Station;

v. Seller shall have no litigation pending that is likely to have a material adverse impact upon Buyer following consummation of this Agreement, and Seller shall have no judgments or assessments outstanding against it except as disclosed herein or in a Schedule appended hereto;

vi. Except as disclosed herein or in a Schedule appended hereto, Seller shall have no complaints, proceedings or litigation concerning wages and/or hours, collective bargaining, discrimination, discharge and the payment of Social Security and other payroll taxes, pending or threatened before any federal, state or local court, agency or department that are likely to have a material adverse impact upon Buyer following consummation of this Agreement;

vii. Except as disclosed herein or in a Schedule appended hereto, Seller shall have no complaints, proceedings or litigation, controversies pending or threatened between it and any of its employees or former employees in the operation of the Station that are likely to have a material adverse impact upon Buyer following consummation of this Agreement;

viii. Except as disclosed in a Schedule appended hereto, Seller does not and will not maintain or contribute to, and Seller has not previously established, maintained or contributed to any employee welfare benefit plan or employee pension benefit plan ("Employee Benefit Plans") within the meaning of Section 1002 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), 29 U.S.C. §1002, whether or not any such Employee Benefit Plans are otherwise exempt from the provisions of ERISA, including for this purpose all employers, whether or not incorporated, which by reason of common control are treated together with Seller as a single employer within the meaning of 26 U.S.C. §141(c) since July 1, 1980;

ix. Seller shall have filed all requisite Federal and state income tax returns and shall have paid all taxes attributable to the Station's operations which have become due pursuant to such returns that are likely to have a material adverse impact upon Buyer following consummation of this Agreement. There are no pending or, to the knowledge of Seller, threatened, deficiencies or assessments attributable to Seller with respect to any such returns that

are likely to have a material adverse impact upon Buyer following consummation of this Agreement;

x. Seller shall have filed all other reports and returns required by any governmental authority that are likely to have a material adverse impact upon Buyer following consummation of this Agreement, and shall have materially complied with all FCC requirements regarding reporting and maintenance of the 47 C.F.R. §73.3526 "public file";

xi. Seller shall have paid all 47 U.S.C. §159 Regulatory Fees for the Station which are due to be paid prior to the Closing Date; and

f. That all representations made by Seller herein and at closing are true and correct in all material respects;

g. That the Seller shall have delivered to Purchaser at Closing the following instruments and documents, all of which shall be in a form reasonably satisfactory to Purchaser and its counsel:

i. One or more bills of sale for all the tangible personal property to be sold under this Agreement;

ii. An assignment of Seller's rights in the Commission licenses for the Station, the call letters "K S M M" any other existing authorizations relative to the Station;

iii. An assignment of all Material contracts and leases to be assigned by Seller to Purchaser plus such consents to said assignments as may be necessary to effectuate the assignments of them to Purchaser;

iv. Consents to the assumption by Purchaser of all of the leases, contracts and agreements listed on Schedules C and D and those designated as "material" on Schedule E appended hereto;

v. A "Closing Certificate" of Seller certifying the truth and accuracy of the representations and warranties made in subparagraphs "c" and "d" of this paragraph and in paragraph 16 below; and

vi. Any other closing document or instrument reasonably requested by Purchaser or its counsel which may be needed to effectuate all of the transactions called for by this Agreement.

h. That there shall have been no material breach by Seller in the performance of any of its covenants or agreements contained herein that are likely to have a material adverse impact upon Buyer following consummation of this Agreement and that, after notice thereof by Buyer, Seller shall not have been able to cure within period not to exceed thirty (30) calendar days.

10. **Conditions Precedent to Seller's Obligations.** The obligations of Seller under this Agreement are, at its election, subject to the satisfaction on or prior to the Closing Date of each of the following conditions precedent:

- a. That the Application be granted;
- b. All of the representations and warranties made by Purchaser herein shall be in all material respects true and correct as of the Closing Date;
- c. Purchaser shall provide the consideration in the manner prescribed in paragraph 2 above;
- d. Purchaser shall provide to Seller a "Closing Certificate" certifying the truth and accuracy of Purchaser's representations and warranties made in this paragraph and in paragraph 17 below;
- e. There shall have been no material breach by Purchaser in the performance of any of its covenants or agreements contained herein.

11. **Mutual Cooperation.** The parties agree and pledge to each other total mutual cooperation to achieve approval by the Commission of the Application, including but not limited to prosecuting the Application in good faith and in due diligence so as to achieve grant and finality thereof as expeditiously as practicable, and to take no action to delay or defeat approval.

12. **Termination.**

a. In the event that Commission approval of the assignment of the license of the Station from Seller to Purchaser shall not have been granted by July 15, 2002, or if such approval has not become final (within the meaning set forth in paragraph 7 above if such final approval is required) by September 15, 2002, either party shall have the right to unilaterally terminate this agreement by giving written notice to the other party of its intention to do so, provided, however, that the party seeking to so terminate is

not itself in material breach hereof. Upon such notice, this Agreement shall have no further force and effect.

b. If the Commission designates the application contemplated by this Agreement for hearing, either party shall have the option of terminating this Agreement by notice to the other party prior to the commencement of the hearing if the terminating party shall not be in default under the provisions of this Agreement; provided that the terminating party shall not be entitled to terminate this Agreement if the hearing results from or was caused by (i) any failure on the part of such party to furnish or make available to the Commission information required to be supplied by such party, or (ii) the willful furnishing by such party of incorrect, inaccurate or incomplete information to the Commission, or (iii) a protest resulting from the solicitation of such protest by the party seeking to terminate this Agreement.

13. **Seller's Default; Specific Performance.** It is agreed and understood that the Sale Assets are unique, as Station KSMM is the only AM broadcast station licensed by the Commission to Shakopee, Minnesota. Therefore, in the event of Seller's breach of this Agreement which is the result of Seller's refusal to sell the Station to Purchaser despite Purchaser being ready, willing and able to close, Purchaser may and shall be entitled to seek the equitable remedy of specific performance to enforce Seller's obligations hereunder to sell the Station to Purchaser. Accordingly, Seller waives any defense to such action in equity that Purchaser has an adequate remedy at law. In other situations where Purchaser has a claim that Seller has breached this Agreement (for example, should certain tangible assets not be in condition comparable to that during the period immediately prior to execution of this Agreement), Purchaser shall give written notice to Seller, and Seller shall have ten (10) business days in which to cure such breach.

14. **Purchaser's Default; Liquidated Damages.** Where Seller has a claim that Purchaser has breached this Agreement, Seller shall give written notice to Purchaser, and Purchaser shall have ten (10) business days in which to cure such breach, provided, however, that no such notice shall be required nor cure opportunity afforded for Purchaser's inability or unwillingness to tender the full purchase price on the Closing Date upon the occurrence of all conditions precedent. Should said breach remain uncured upon the end of said ten business day period, Purchaser shall be in default. At that point, Seller may terminate

this Agreement and, at its sole option, elect liquidated damages by sending written notice to Purchaser and Escrow Agent, whereupon the Escrow Agent shall pay all of the Escrowed Funds and interest accrued thereon to Seller as a "break-up fee". Upon the payment of the "break-up fee" to Seller in this event, this Agreement shall be null and void and shall be of no further force and effect. In the event that Seller elects liquidated damages, Seller shall have no cause of action at law or in equity against Purchaser. In the event that Seller terminates this Agreement in accordance herewith, then Seller shall be free to sell the Sale Assets and assign the license of the Station (subject to prior written Commission approval) to any other party of its choosing.

15. **Broker.** It is expressly agreed and understood that, other than Jim Wychor Communications of Shoreview, Minnesota, whose fee is the sole responsibility of the Seller, there are no business chance brokers or agents involved in this transaction who are or might be entitled to a commission, agency or finder's fee or other payment by virtue of Seller and Purchaser coming together in this transaction. Should such business chance brokers or agents emerge and claim such a fee on the grounds that such persons claim to have assisted Seller in this transaction, Seller agrees to hold Purchaser harmless from any obligation or liability for such fee, including any reasonable attorney's fees. Conversely, should such business chance brokers or agents emerge and claim such a fee on the grounds that such persons claim to have assisted Purchaser in this transaction, Purchaser agrees to hold Seller harmless from any obligation or liability for such fee, including any reasonable attorney's fees.

16. **Representations of Seller.** Seller makes the following representations which it agrees are material in inducing Purchaser to enter into this Agreement:

a. That Seller is a Minnesota corporation lawfully organized and validly and currently existing, that it as of the Closing Date shall have taken all necessary corporate actions and adopted such written resolutions and minutes as are necessary to ensure its lawful performance hereunder, and that it agrees to be bound by this Agreement and perform according to its terms;

b. That this Agreement constitutes the legal, valid and binding obligation of the Seller enforceable in accordance with its terms;

c. That, subsequent to the date hereof, Seller will use commercially reasonable efforts to comply with Section 73.1740 of the Commission's Rules as it pertains to operating schedule; and

d. That the Commission license for the Station is currently existing and in good standing for a license term to expire on April 1, 2005, and that Seller knows of no reason why the FCC would not approve its basic qualifications to assign the license of the Station.

17. **Representations of Purchaser.** Purchaser makes the following representations which it agrees are material in inducing Seller to enter into this Agreement:

a. Purchaser is a Minnesota non-profit corporation lawfully organized and validly and currently existing, that it as of the Closing Date shall have taken all necessary corporate actions and adopted such written resolutions and minutes as are necessary to ensure its lawful performance hereunder, and that it agrees to be bound by this Agreement and perform according to its terms;

b. Purchaser is legally and financially qualified and possesses the requisite basic character qualifications to be a Commission licensee of the Station and to timely consummate all of the transactions contemplated herein.

c. This Agreement constitutes the legal, valid and binding obligation of the Purchaser enforceable in accordance with its terms.

18. **Labor Agreements.** Unless expressly agreed to by Purchaser, there are no employment agreements of any type, written or oral, to be assumed by Purchaser hereunder. Purchaser may, in its sole discretion, offer employment to any of Seller's employees upon such terms and conditions as Purchaser may determine. As of the Closing Date, Seller shall terminate all employees of the Station, and Purchaser shall have no liability for any severance pay, unemployment insurance or workman's compensation insurance premiums, accrued "vacation" or "sick leave" pay or benefits, or other non-salary benefits to which employees of the Station may be entitled.

19. **Risk of Loss; Set-off.** Seller shall bear all risk of loss in connection with the Station prior to the Closing Date. Should the Station, or any of the Sale Assets which are material to the operation of the Station, be substantially damaged or destroyed and is not replaced or

repaired promptly, Purchaser at its sole option may agree to consummate its purchase of the Station upon an agreement of set-off or credit for such damaged or destroyed Sale Assets having been reached; if Seller and Purchaser cannot agree as to an appropriate set-off or credit for such damaged or destroyed assets, Seller and Purchaser shall submit the dispute to the nearest office of the American Arbitration Association for resolution.

20. **Taxes**. Seller shall be solely responsible for any and all taxes applicable to the Station until and including the Closing Date. The sales, use and/or transfer taxes assessed by the State of Minnesota upon the sale of the Sale Assets from Seller to Purchaser shall be paid according to legal requirements and prevailing practice in the State of Minnesota. Thereafter, all such taxes applicable to the Station shall be the sole responsibility of the Purchaser.

21. **Allocations**. On or before the Closing Date, the parties hereto will attempt to reach allocations as to the purchase price consistent with the federal Internal Revenue Code and the rules and regulations of the Internal Revenue Service, and will jointly prepare IRS Form 8594 at the Closing or as soon thereafter as is practicable. In the event the parties shall have not reached such an allocation prior to the Closing Date, then the matter shall be determined by an accountant acceptable to both parties or, if they cannot agree on a single accountant, then by a panel of three accountants, one selected by each of Purchaser and Seller and the third selected by their respective accountants.

22. **Laws**. The Station is, to the best of Seller's knowledge, in substantial compliance with all applicable federal, state and local laws, ordinances and regulations, including those relating to prices, wages, hours, discrimination of employment, collective bargaining and the payment and withholding of taxes. There is no litigation, proceeding, complaint, or investigation of any nature pending or, to the knowledge of Seller, threatened against the Station, Seller, or any director or officer of Seller which is likely to materially or adversely affect the Station or the Sale Assets, or the licenses to be assigned hereunder, nor is there any judicial, administrative or other proceeding, including without limitation, any governmental investigation, pending, or to the knowledge of the Seller, threatened, which is likely to result in the revocation, modification or suspension of the licenses of the Station to be assigned to Purchaser, or any administrative sanction which is likely to materially and

adversely affect the Station and/or the Sale Assets to be assigned hereunder. Seller agrees to comply with all provisions of the Minnesota state "Bulk Sales Law" to the extent they are applicable to this transaction.

23. **Bankruptcy; Contingent or Undisclosed Liabilities.** Seller is not in bankruptcy. Seller warrants that it has no contingent or undisclosed liabilities which will or may affect Purchaser's title in the Sale Assets. The parties agree that Purchaser is not liable for any contingent or undisclosed liabilities of Seller.

24. **Interference with Operations.** From the date hereof onward until the Closing Date, Purchaser shall not attempt to interfere with the operations of Seller and the Station; however, Purchaser shall be permitted a reasonable opportunity to review books and records of the Station and to inspect the physical condition of the Sale Assets. Nothing contained in the foregoing provision shall preclude Seller and Purchaser from entering into a "Time Brokerage Agreement" which adheres to the rules, regulations, case law and policies of the FCC. Upon the Closing Date, and thereafter, Seller shall make no attempt to control the Station, incur any debts or obligations against the Station, or otherwise interfere in the operations of the Station other than to the limited extent permitted under the Draft Note and Security Agreement; provided that nothing contained in this paragraph shall preclude any officer or employee of Seller from serving as a management employee of the Station under the direction and control of Purchaser. However, and notwithstanding any provision in this Agreement, prior to the Closing Seller may not, without the prior written consent of the Purchaser, such consent not to be unreasonably withheld:

a. Make any substantial change in the business of the Station, except such changes as are unlikely to have any material adverse impact upon the Sale Assets;

b. Sell, lease, transfer or otherwise dispose of any Sale Asset without obtaining a suitable replacement acceptable to Purchaser before the Closing Date, provided that any replacement item which improves the inventory of Sale Assets shall result in an upward adjustment of the purchase price by the actual cost of such item;

c. Mortgage, pledge or encumber any Sale Asset;

d. Waive or agree to waive any rights of material value relating to the Sale Assets or allow to lapse or fail

to keep in force any license, permit, authorization or other right relating to the Station;

e. Except in the ordinary course of business, make or permit any amendment or termination of any material contract, agreement or license included in the Sale Assets;

f. Enter into any agreement with any employee binding Seller and/or Purchaser to utilize said employee's services in connection with the Station other than an employment agreement terminable at will; or

g. Become a party to any cash, trade or barter agreement for the sale of air time requiring announcements to be made over the Station subsequent to the Closing Date.

25. **Public Notices.** Seller shall prepare and give at its expense all public notices as are required pursuant to 47 C.F.R. §73.3580.

26. **Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their heirs, personal representatives, successors and assigns. An assignment shall not relieve the parties of their obligations to guarantee the prompt performance of any and all of their respective obligations thereunder. TWIN HEARTS shall have the right to assign all of its rights, duties and obligations hereunder to a corporation, partnership or limited liability company owned by or under common control with Purchaser.

27. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota; the forum for any disputes arising hereunder shall be the courts of Carver County, Minnesota.

28. **Indemnification.**

a. *By Seller.* Seller shall indemnify, defend and save Purchaser, its affiliates, successors and assigns, harmless against and from all liabilities, claims, losses, damages, cost and expenses (including reasonable attorney's fees) resulting from (i) the conduct of business and operations by Seller of the Sale Assets prior to the Closing Date, (ii) any misrepresentation of breach of warranty, representation or covenant contained in this Agreement by Seller, (iii) any claims or actions brought by any shareholder of Seller against Purchaser as a result of or in connection with this transaction, (iv) any claim or action of any kind by or on behalf of any employee or former

employee of Seller or the unlawful conduct of any such employee, and (v) all actions, suits, proceedings, demands, damages, assessments, judgments, costs, reasonable attorney's fees on any appeal, and expenses incident to any of the foregoing or incident to any enforcement by Purchaser of any covenant of agreement on the part of Seller set forth in this Agreement.

b. *By Purchaser.* Purchaser will defend and save Seller, its affiliates, successors and assigns harmless against and from all liabilities, claims, losses, damages, costs and expenses (including reasonable attorney's fees) resulting from (i) any misrepresentation or breach of warranty, representation or covenant by Purchaser contained in this Agreement, (ii) the conduct of business and operations by Purchaser of the Sale Assets following the Closing Date and (iii) any claims or actions brought by any principal of Purchaser against Seller as a result of or in connection with this transaction, and (iv) all actions, suits, proceedings, demands, damages, assessments, judgments, costs, reasonable attorney's fees (including reasonable attorney's fees on any appeal) and expenses incident to any of the foregoing or incident to any enforcement by Seller of any covenant or agreement on the part of Purchaser set forth in this Agreement.

c. *Claims Pursuant to Indemnities.* If any claim covered by the foregoing indemnities is asserted against any other indemnified party (the "Indemnatee"), the Indemnatee shall promptly give the other party (the "Indemnitor") notice of such claim. Under no circumstance shall any claim for indemnification hereunder arise until the aggregate amount of all such claims exceeds the sum of \$10,000.

29. **Headings.** The headings of the paragraphs of this Agreement are for the convenience of the parties only, and do not in any way modify, interpret or construe the meaning of the provisions hereof.

30. **Notices.** All notices required or permitted to be given hereunder shall be in writing and copies shall be effective when sent by registered or certified mail, postage and fees prepaid, addressed as follows:

If to Seller:

Robert Chevalier, President
Northstar Broadcasting Ltd.
1209 Pacific Avenue
P O Box 188
Benson, MN 56215-0188

with a copy to:

Peter Gutmann, Esquire
Womble Carlyle Sandridge & Rice, PLLC
1401 Eye Street, Seventh Floor
Washington, D. C. 20005

If to Purchaser:

Mr. Mark Hapka
Twin Hearts Media, Inc.
14815 Aberdeen Street, NE, Suite A
Ham Lake, MN 55304

with a copy to:

Dennis J. Kelly, Esquire (D. C. Bar only)
Law Office of Dennis J. Kelly
Post Office Box 6648
Annapolis, Maryland 21401

31. **Assignability.** Purchaser may freely assign any or all of its rights or delegate any of its duties hereunder to any entity or person, provided, however, that Purchaser shall remain jointly and severally liable for any duties or obligations not delegated.

32. **Entire Agreement.** The foregoing constitutes the entire and whole agreement of the parties, and may not be modified, amended or changed in any way unless in writing signed by all parties hereto. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof, or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

33. **Counterparts.** This Agreement may be signed in one or more counterparts, each of which shall be considered an

original counterpart, and shall become a binding Agreement when the parties shall have each executed one counterpart.

34. **Confidentiality.** All information and materials furnished to or obtained by Purchaser and Seller and their respective agents and representatives concerning the Station, the Sale Assets and the parties' respective businesses shall be held in confidence pending the closing of the transactions contemplated herein (except to the extent necessary to implement the Time Brokerage Agreement, if any, or as required by law), and if closing does not occur for any reason will be returned to the party providing such information and material and shall not be used by the recipient or any entity under their reasonable control for competitive purposes; provided that nothing contained in this paragraph shall preclude Purchaser from using information and materials received from Seller in any fundraising presentation or solicitation prior to the Closing Date which does not present a competitive threat to Seller's business at the Station.

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SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE EXECUTED
THIS AGREEMENT AS OF THE DAY AND YEAR FIRST WRITTEN ABOVE

SELLER

NORTH STAR BROADCASTING, LTD.


By


Robert Chevalier
President

PURCHASER

TWIN HEARTS MEDIA, INC.

By


Mark Hapka
President

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE EXECUTED
THIS AGREEMENT AS OF THE DAY AND YEAR FIRST WRITTEN ABOVE.

SELLER

NORTH STAR BROADCASTING, LTD.

By _____
Robert Chevalier
President

PURCHASER

TWIN HEARTS MEDIA, INC.

By _____
Mark Hapka
President