

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT, made and entered into this ___ day of August, 2012 (this "Agreement") by and among **Kona Coast Radio, LLC**, a Colorado limited liability company ("Seller") and **Beach Time Broadcast, LLC**, a California limited liability company ("Buyer"):

WITNESSETH:

WHEREAS, Seller is the owner, operator, and licensee of FM Translator Radio Station K280FC, **Waipahu, HI** ("Station"), pursuant to valid licenses issued by the Federal Communications Commission ("Commission"); and

WHEREAS, Buyer desires to acquire all of the property, assets and rights used, useful or intended for use, in the business and operation of Station, to acquire certain other rights, privileges and immunities as set forth in this Agreement and to secure an assignment of the licenses and other authorizations issued by the Commission for the operation of Station, and Seller desires to sell, assign, transfer and convey the same to Buyer; and

WHEREAS, Seller and Buyer will not be able to consummate this Agreement and the FCC Licenses may not be assigned until after the Commission has granted its consent and approval to the transactions contemplated by this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual agreements, promises, covenants and warranties set forth below, the parties intending to be legally bound, agree as follows:

1. Definitions.

Unless otherwise stated in this Agreement, the following terms will have the following meanings:

- 1.1.** **Agreement** means this Asset Purchase Agreement.
- 1.2.** **Assignment Application** (or **Application**) refers to an application which the parties will join in and file with the Commission requesting its written consent to the terms of this Agreement and the assignment of the FCC Licenses from Seller to Buyer.
- 1.3.** **Business Day** means any calendar day, excluding Saturdays or Sundays on which federally chartered banks in the state of Hawaii are regularly open for business.
- 1.4.** **Buyer** means Beach Time Broadcast, LLC or its permitted assigns.
- 1.5.** **Closing** (or **Closing Date**) means a date to be designated by Buyer upon which this Agreement will be consummated, which date shall not be earlier than the fifth (5th) nor later than the thirtieth (30th) day after the Commission's consent to the Assignment Application has become a "Final Order". Buyer may, however, waive finality and, if so, designate an earlier Closing Date

following the release of a Public Notice by the Commission that the Application has been approved.

- 1.6. **Closing Place** means the offices of Seller or such other convenient place as Seller and Buyer mutually agree to.
 - 1.7. **Commission** (or "FCC") means the Federal Communications Commission, with offices in Washington, D.C.
 - 1.8. **Excluded Assets** means the following assets of Seller which are not being acquired by Buyer pursuant to this Agreement: All cash on hand or in bank accounts, Seller's accounts receivable, all contracts, agreements or leases other than the Assumed Contracts, all contracts of insurance for Station or the Station Assets, Employee Pension, profit sharing, savings plans, trusts and 401(k) plans or the like, together with the assets of such plans or trusts, Union Contracts or employment agreements, Seller's corporate books and records, except that Seller shall provide Buyer with copies of any financial records that may be necessary to Buyer in making Federal, State, or local tax filings, FCC filings or other filings or correspondence required by Federal, State or local governmental authorities.
 - 1.9. **Final Order** means an Order of the Commission, or its Staff pursuant to delegated authority, granting its consent and approval to the assignment of the FCC Licenses to Buyer, which Order is no longer subject to rehearing, reconsideration or review by the Commission, or to a request for stay, an appeal or review by any court under the Communications Act of 1934, as amended (the "Communications Act"), or the Rules and Regulations of the Commission.
 - 1.10. **Immediately Available Funds** means cash, a certified bank cashier's check, or funds immediately available by wire transfer, all in, or payable in, the valid currency and legal tender of the United States.
 - 1.11. **Seller** means Kona Coast Radio, LLC.
 - 1.12. **Station** means Radio Station K280FC as licensed by the Commission to serve the community of Waipahu, HI as well as other communities within Station's service area.
 - 1.13. **Station Assets** means the Assets to be sold and purchased pursuant to this Agreement, as further delineated in Article 2 below.
 - 1.14. **FCC Licenses** means all licenses, construction permits, renewals, extensions, modifications, additions and other authorizations issued to or held by Seller from the Commission for the operation of Station K280FC, including any auxiliary broadcast licenses or permits.
 - 1.15. **Parties** means Seller and Buyer unless otherwise delineated.
2. **PURCHASE AND SALE OF ASSETS.** Seller, on the Closing Date at the Closing Place, will sell, assign, transfer, convey, and deliver to Buyer, by instruments in form satisfactory to Buyer, all of the assets and properties of Seller, real and personal, tangible and intangible, of every kind and description owned or used by Seller, useful, or intended for use, in the business and operation of Station, including real and personal property, plant and equipment, rights under contracts and leases, and inventories, but excluding the Excluded Assets. Without limiting the generality of the foregoing, the Station Assets shall include:

- 2.1. **FCC Licenses.** All FCC Licenses and related applications, and all right, title and interest in and to the Call Letters "K280FC".
- 2.2. **Other Licenses.** Other licenses, permits and authorizations issued or granted by any other governmental or regulatory agency or authority in connection with the operation of the Station.
- 2.3. **Real Property Interests.** All leasehold and other interests of every kind and description in real property, buildings, structures, towers and improvements, including all easements, rights of way, permits and consents, if any, relating to or used in connection therewith, owned or leased by Seller (except as otherwise provided in this Agreement) as of the date of this Agreement, used in the business or operation of Station, as set forth in **Appendix B** attached to this Agreement ("Real Property").
- 2.4. **Personal Tangible Assets.** All tangible personal property, physical assets, fixtures, leasehold improvements, and equipment, including transmitting equipment, tubes, remote equipment, supplies, , computers and software and data files, tools and spare parts whether now owned or subsequently acquired by Seller, used, useful, or intended for use in the operation of Station, wherever situated, including all items listed in **Appendix C** attached to this Agreement, together with any replacements or additions made between this date and the Closing Date, less any retirements made in the ordinary and usual course of business in connection with the acquisition of similar property or assets ("Personal Tangible Assets").
- 2.5. **Public Inspection File.** A complete set of all documents required to be maintained in the Station's Public Inspection File pursuant to the Rules of the Commission.
- 2.6. **Station Logs and Business Records.** The program, operating and maintenance logs of Station, together with such files and records pertaining to the operation of Station as Buyer may reasonably require, including technical information, engineering data and Proofs of Performance.

3. LIABILITIES OF SELLER.

- 3.1. **Assumed Liabilities.** The Station Assets shall be sold and conveyed to Buyer free and clear of all Liens, or other liabilities, except that on the Closing Date, Buyer shall assume and agree to pay and perform those obligations of Seller (the "Assumed Liabilities") that arise after the Closing Date under the Assumed Contracts, if any.
- 3.2. **Excluded Liabilities.** Except as specifically set forth in this Agreement, Buyer does not assume and shall not be obligated to pay, perform or discharge any of Seller's obligations, liabilities, agreements or commitments not specifically assumed by Buyer. Seller shall indemnify and hold Buyer harmless from, any loss, liability, damage or expense (including reasonable attorneys' fees) arising out of Seller's failure to pay, perform or discharge any of Seller's obligations, liabilities, agreements or commitments not specifically assumed by Buyer (the "Excluded Liabilities"). Without limiting the generality of the foregoing, the Excluded Liabilities shall include, and Buyer shall not assume or be liable for:
 - 3.2.1. any liability, claim or obligation, contingent or otherwise, arising out of the business or operation of Station or the Station Assets prior to the Closing Date;

- 3.2.2. any liability or obligation under any contracts not specifically assumed by Buyer under the terms of this Agreement or relating to a breach prior to the Closing under any such contracts;
- 3.2.3. any Seller liability or obligation for any federal, state or local income or other taxes, (subject, in the case of real estate taxes, to proration);
- 3.2.4. any liability or obligation of Seller arising out of any litigation, proceeding, or claim by any person or entity relating to the business or operation of Station prior to the Closing Date, whether or not such litigation, proceeding, or claim is pending, threatened, or asserted before, on, or after the Closing Date.

4. **CONSIDERATION.**

4.1. **Purchase Price.** The Purchase Price to be paid to Seller for all of the Station Assets to be acquired shall be, subject to any adjustments provided for in Section 4.6 or elsewhere in this Agreement, shall be the sum of **One Hundred Twenty Thousand and No/100 Dollars (\$120,000.00)**, payable in the manner set forth below.

4.2. **Deposit.** The sum of **Thirty Thousand and No/100 Dollars (\$30,000.00)** will be paid by Buyer to Seller's account (the "Deposit") at the time of execution of this Agreement.

4.3. **Closing Payment.** On the Closing Date, Buyer shall deliver to Seller a Secured Promissory Note for the payment of the remaining Purchase Price of Ninety Thousand and No/100 Dollars, payable in thirty-six (36) equal monthly installments of Two Thousand, Five Hundred and No/100 Dollars (\$2,500,00), beginning with the first day of the first month following the Closing Date. The Promissory Note and Security Agreement shall be in a form reasonably satisfactory to Buyer and Seller. The Promissory Note shall be secured by the Personal Tangible Assets and proceeds from the sale of the FCC Licenses but only to the extent permitted by the FCC.

4.4. **Proration of Income and Expenses.**

4.4.1. Except as otherwise provided herein, all income and expenses arising from the conduct of the business and operation of the Station shall be prorated between Buyer and Seller in accordance with generally accepted accounting principles as of 11:59 p.m., Pacific Standard time, on the date immediately preceding the Closing Date. Such prorations shall include, without limitation, all *ad valorem*, real estate and other property taxes (but excluding taxes arising by reason of the transfer of the Station Assets as contemplated hereby, which, shall be paid as set forth in Section 15.2 of this Agreement), utility expenses, rents and similar prepaid and deferred items attributable to the ownership and operation of the Station. The prorations and adjustments contemplated by this Section, to the extent practicable, shall be made on the Closing Date. As to those prorations and adjustments not capable of being ascertained on the Closing Date, an adjustment and proration shall be made within sixty (60) days of the Closing Date.

5. **GOVERNMENTAL CONSENTS.**

5.1. **FCC Consent.** It is specifically understood and agreed that the consummation of this Agreement shall be subject to the prior consent of the Commission to the proposed transaction,

without conditions or qualifications materially adverse in Buyer's judgment to Buyer or to the operation of Station

5.2. *Filing and Prosecution of Assignment Application.* Upon the execution of this Agreement, Seller and Buyer will proceed expeditiously to prepare and file with the Commission the requisite Assignment Application to secure such consent, together with such other necessary instruments and documents as may be required. Any filing fee or Application processing fee charged by the Commission in connection with the Assignment Application will be shared equally by Buyer and Seller. The parties agree to tender the Application to the Commission within seven (7) business days of the date of execution of this Agreement, to thereafter prosecute the Application with diligence, to cooperate with each other in good faith, to use their best efforts to obtain the requisite consent and approval promptly and to carry out the provisions of this Agreement. Each party will promptly provide the others with a copy of any pleading, order or other document served on it relating to the Assignment Application.

5.3. *Legal Notice of Assignment Application.* Upon the filing of the Assignment Application, Seller shall be responsible for, and shall take the necessary steps, to provide such Legal Notice concerning the filing in timely fashion as required by the Rules of the Commission. Seller shall provide Buyer with evidence of Seller's compliance with the Commission's Legal Notice requirements.

5.4. *Possession and Control.* Between the date of this Agreement and the Closing Date, Buyer will not control the operation of Station, and Seller will remain responsible for such control. Effective on the Closing Date and thereafter, Seller shall have no control over, nor right to intervene or participate in, the operation of Station.

6. TERMINATION RIGHTS.

6.1. *Failure to Receive FCC Approval.* If the Commission has not acted upon and granted its consent and approval to the Assignment Application by Final Order within eight (8) months of the date of this Agreement, or has denied its approval of the Assignment Application, this Agreement, at the option of either Seller or Buyer, and upon fifteen (15) days written Notice to the other, will become void; provided, however, that the party giving such Notice is not in default of any provision of this Agreement.

6.2. *Termination on Designation for Hearing.* Either party may also terminate this Agreement upon written Notice to the other, if, for any reason, the Assignment Application is designated for hearing by the Commission *provided, however,* that the written Notice of termination is given within fifteen (15) days after release of the Hearing Designation Order and the party giving such Notice is not in default and has otherwise complied with its obligations under this Agreement.

6.3. *Termination upon Failure to Receive Deposit.* The Agreement terminates with no right to cure if the Deposit has not been received by Seller within three days of execution of the Agreement.

6.4. Broadcast Transmission of Station Prior to Closing Date. If, prior to the Closing Date any event occurs which prevents the regular broadcast transmission of Station in the normal and usual manner in which the Station had been operating for a period of three (3) continuous days or more, Seller shall give prompt written Notice to Buyer. If such facilities are not restored so that normal and usual transmissions are resumed within ten (10) business days, Buyer shall have the right, by giving written Notice to Seller of its election to do so, to terminate this Agreement, in which event, Buyer shall be entitled to a return of the entire principal amount of the Deposit.

6.5. Return of Deposit. Upon Termination pursuant to this Article, the Deposit shall be returned to Buyer and the parties shall be released and discharged from any further obligation, except for liability for any breaches of this Agreement by a party prior to such termination.

7. REPRESENTATIONS AND WARRANTIES OF SELLER. Seller hereby represents and warrants to Buyer as follows:

7.1. Organization and Standing. Seller is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of its incorporation. Seller is duly qualified and authorized to carry on the business of Station as presently conducted under the laws of the State of Hawaii, and is duly qualified and authorized to do business in all jurisdictions where the normal conduct of its business or ownership of its assets requires it to be so qualified.

7.2. Authority. Seller has full power and authority to enter into, and to consummate the transactions contemplated by, this Agreement; the execution and delivery of this Agreement have been duly approved by the members of Seller; and the Agreement constitutes a valid and binding obligation of Seller enforceable in accordance with its terms.

7.3. No Conflicts. Neither the execution nor the delivery of this Agreement by Seller, nor the performance by Seller of its obligations under this Agreement, nor the consummation of the transaction contemplated in this Agreement by Seller, either immediately or upon the giving of Notice or the lapse of time or both:

7.3.1. Violates, conflicts with, or constitutes a default or an event giving a right to terminate or to accelerate obligations under, the Articles of Organization of Seller, or any law, statute, rule, regulation, ordinance, judgment, decree, order, contract, lease, commitment, agreement, license, permit, franchise, or indenture to which Seller is a party or by which Seller or the Station Assets are bound;

7.3.2. Results in the creation or imposition of any Lien, or gives any other person or entity any interest in, or rights to, the Station Assets.

7.4. FCC Licenses.

7.4.1. Seller is the holder of the FCC Licenses as listed in *Appendix A*. The FCC Licenses constitute all of the licenses and authorizations required for and/or presently used in the operation of Station as normally operated, and the FCC Licenses are in full force and effect unimpaired by any act or omission of Seller, its officers, directors, stockholders, employees or agents.

7.4.2. Except as Disclosed in *Appendix A*:

7.4.2.1. There is not pending or threatened any action by the Commission to revoke, cancel, rescind, modify or refuse to renew in the ordinary course any of the FCC Licenses.

7.4.2.2. The Station is operating in compliance with its FCC Licenses, the Communications Act of 1934, as amended, and the current rules, regulations, and policies of the FCC and Seller has filed all reports, forms and statements required to be filed by Seller with the FCC.

7.4.2.3. There are no other FCC or other material licenses, permits or authorizations from governmental or regulatory authorities that are required for the lawful conduct of the business and operation of the Station as currently conducted.

7.4.2.4. The operation and maintenance by Seller of the tower(s), antenna system and other facilities relating to the Station or used in connection with the transmission of its signals do not violate any regulation, law or rights of any person or legal entity which could have a material adverse impact on the Station Assets.

7.5. *FCC Qualifications.*

7.5.1. Seller is qualified under the Communications Act of 1934, as amended, to assign the FCC Licenses to Buyer.

7.5.2. Seller neither knows, nor with reasonable diligence could know of any facts which would cause the Commission to withhold its consent to the assignment of the FCC Licenses to Buyer.

7.6. *[deleted] no required public inspection file*

7.7. *Personal Tangible Assets.* *Appendix C* contains a true and complete list of the Personal Tangible Assets. Those assets of the Personal Tangible Assets which are leased are identified as such on *Appendix C*. The Personal Tangible Assets are all of the tangible personal property necessary to operate the Station in the manner in which it is presently operated. Seller (i) is the lawful owner of all of the Personal Tangible Assets it purports to own, and (ii) has valid leasehold interests in the Personal Tangible Assets it purports to lease.

7.8. *Real Property.*

7.8.1. *Appendix B* contains a description of all real property leases (the "Leases") to which Seller is, with respect to Station, a party as a tenant (or subtenant or landlord) as of the date of this Agreement. The Leases are valid, binding and enforceable in accordance with their terms. Neither Seller nor any other party to any of the Leases is in default under any of the Leases and no condition or event exists which with the giving of notice, passage of time, or both would give rise to any such default, except, in the case of Leases as to which Seller is the lessee, for immaterial defaults, if any, which would not permit (with the giving of notice or the passage of time, or both) the other party to terminate any such Leases or any of Seller's rights thereunder or to accelerate or increase the rents or other sums payable thereunder. There are no offsets or defenses by Seller, or to Seller's knowledge, any other party under any of the Leases. The assignment to Buyer of any Lease to which Seller is a party as tenant will not permit the landlord to accelerate the rent, cause the Lease terms to be renegotiated, or constitute a default under the Lease, and

will not require the consent of any such landlord to the assignment of such Lease. There are no amendments or changes to any of the Leases which would affect the full use and enjoyment of the leasehold premises, access, parking and use of common areas as provided in the Leases. All improvements, roads, parking facilities and other construction, if any, contemplated by the Leases have been fully constructed, paid for and accepted and approved by the respective parties.

7.8.2. Except as disclosed in *Appendix B* or *Appendix D*, there are no leases, rental agreements, employment contracts, concession contracts, or contracts for service or maintenance existing and relating to or connected with the occupancy or operation of the Real Property, and the Seller covenants to hold the Buyer harmless from any claim, demand or cause of action which may be asserted against the Buyer arising from any lease, rental agreement, employment contract, or contract for service or maintenance to the contrary

7.8.3. The transmitting facilities of Station and all other related buildings, fixtures, structures and appurtenances are located entirely within the leased Real Property listed on *Appendix B* and related easements.

7.9. ***Spare Parts and Inventories.*** The inventories of spare parts for the technical operating equipment of Station are at or above the levels normally maintained for Station.

7.10. ***Adequacy, Condition and Maintenance of Equipment.*** All of the Personal Tangible Assets and improvements on the Real Property are in good operating condition and repair and are adequate and suitable for the purpose for which they are intended and for the purpose for which they are presently used.

7.11. ***Insurance.*** Seller now has in force adequate property damage, liability and other insurance with respect to the Station Assets.

7.12. ***Litigation.*** There are no judgments outstanding, nor any claim, litigation, proceeding or investigation pending, or to the knowledge of Seller, threatened which might result in any adverse change in the business, condition or earnings of Station, or any of the Personal Tangible Assets or Real Property (or which would affect the ownership or use by Buyer), and Seller knows of no facts which would form the basis for such claim, litigation, proceeding or investigation. Neither the Station Assets nor Seller with respect to Station has been operating under or subject to, or in default of, any order, writ, injunction, or decree of any court or federal, state, municipal, or other governmental department, commission, board, agency, or instrumentality, foreign or domestic and Seller knows of no facts that would give rise to such an order, writ, injunction or decree. Neither Seller nor any of its officers, directors, stockholders or agents has received any inquiry, written or oral, from any federal, state or local agency concerning the operation or business of Station which could be expected to have a material adverse effect on the operation of Station and neither has knowledge of any facts which would form the basis for such an inquiry. There is no litigation or proceeding, or, to the best of their knowledge, investigation of any nature pending or threatened against or affecting Seller, nor are there facts which would form the basis of such litigation, proceeding or investigation which would affect Seller's ability fully to carry out the transactions contemplated by this Agreement.

7.13. *Insolvency.* No insolvency proceedings of any character including without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, under Title 11 of the United States Code or any applicable bankruptcy, insolvency or other similar law, affecting Seller, or any of its respective assets or properties are pending. Seller has not made any assignment for the benefit of creditors, nor has Seller taken any action with a view to, or which would constitute the basis for, the institution of any such insolvency proceedings. No consent to the appointment of or taking possession by a receiver, trustee or other custodian for all or a material portion of the Seller's property has occurred.

7.14. *Taxes.*

7.14.1. Seller has filed all federal, state and local tax returns and state franchise tax returns that are required to have been filed, and has paid in full when due all taxes, interest, penalties, assessments and deficiencies that have been assessed or levied against Station or any of the Station Assets based upon such returns.

7.14.2. All federal, state, county and local tax returns, reports and declarations of estimated tax, or estimated tax deposits forms required to be filed by Seller in connection with Station's operations, real estate or payroll have been duly and timely filed.

7.14.3. Seller has paid all taxes that have become due pursuant to such returns or pursuant to any assessment received by them, and has paid all installments of estimated taxes due; and all taxes, levies and other assessments that Seller is required by law to withhold or to collect have been duly withheld and collected, and have been paid over to the proper governmental authorities or held by Seller for such payments. All such reports, returns and statements are substantially complete and correct as filed.

7.14.4. There are no pending or, to the best knowledge of Seller, threatened, investigations or claims against Seller for or relating to any liability in respect of taxes and, to the best knowledge of Seller, no facts or circumstances exist which indicate that any such, investigations or claims in respect of taxes may be brought or are under discussion with any governmental authorities.

7.15. *Disclosure.* No representation or warranty by Seller and no written statement, schedule or certificate furnished by it pursuant to any covenant, representation or warranty, or pursuant to the Closing, contains any untrue statement of a material fact or will omit to state a material fact necessary to make the statements set forth not misleading. Seller's representations, warranties, written statements, schedules and certifications made or delivered to Buyer provide Buyer with complete and accurate information as to the Station Assets, the operation of Station and the Assumed Liabilities.

7.16. *Encumbrances.* Except as specifically disclosed in *Appendix L*, none of the Station Assets are, as of the date of this Agreement, mortgaged, pledged or subjected to Lien. At Closing, the Station Assets will be delivered free and clear of any and all Liens.

7.17. *No Material Change.* Except as otherwise disclosed herein, Seller has not, with respect to the Station Assets, (i) mortgaged, pledged or subjected to Lien, any of the Station Assets; (ii) sold or transferred any asset or canceled any debt or claim except in each case in the ordinary course of business; (iii) increased the compensation payable or to become payable to

Station's employees, former employees or agents; (iv) suffered any material damage, destruction or loss (whether or not covered by insurance) or the acquisition or taking of property by any governmental authority; or (v) experienced any work stoppage.

8. REPRESENTATIONS AND WARRANTIES OF BUYER. Buyer represents and warrants to Seller the following:

8.1. *Organization and Standing.* Buyer is a limited liability company, existing and in good standing under the laws of the State of California and entitled and as of the Closing Date, shall be qualified to do business in the State of Hawaii.

8.2. *Authorization.* Buyer has full power and authority to enter into this Agreement and the Agreement constitutes a valid and binding obligation of Buyer enforceable in accordance with its terms. The execution, delivery, and performance of this Agreement has been duly and validly authorized by Buyer's members.

8.3. *No Conflicts.* The execution, delivery and performance of this Agreement does not violate any provision of Buyer's limited liability company agreements, or any relevant operating agreements, or result in any breach of, or constitute a default under, the provisions of any agreement or other instrument to which the company is a party or by which it or its property is bound or affected

8.4. *FCC Qualifications.*

8.4.1. Buyer is qualified under the Communications Act of 1934, as amended, to be and become the Licensee of Station.

8.4.2. Buyer knows of no facts and with exercise of reasonable diligence could know of no facts, which would cause the Commission to withhold its consent to the assignment of the FCC Licenses to Buyer.

8.5. *Litigation.* There is not outstanding any judgment or any claim, litigation, proceeding, or to the knowledge of Buyer, any investigation or claim threatened against Buyer which might adversely affect Buyer's ability to carry out fully the transactions contemplated by this Agreement and Buyer knows of no facts which would form the basis for such claim, litigation, proceeding or investigation.

8.6. *Insolvency.* No insolvency proceedings of any character including without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, under Title 11 of the United States Code or any applicable bankruptcy, insolvency or other similar law, affecting Buyer, or any of its respective assets or properties are pending. Buyer has not made any assignment for the benefit of creditors, nor has taken any action with a view to, or which would constitute the basis for, the institution of any such insolvency proceedings. No consent to the appointment of or taking possession by a receiver, trustee or other custodian for all or a material portion of the Buyer's property has occurred.

8.7. *Disclosure.* No representation or warranty by Buyer and no written statement, schedule or certificate furnished by it pursuant to any covenant, representation or warranty, or pursuant to the Closing, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements set forth not misleading.

9. COVENANTS.

9.1. *Affirmative Covenants of Seller.* Seller shall, through the Closing Date, with respect to Station:

9.1.1. *Representations and Warranties.* Take such steps as are necessary to ensure that all representations and warranties of the Seller set forth in this Agreement remain true and correct up to and including the Closing Date.

9.1.2. *Continued Operation.* Continue to carry on its business and operation, maintain its facilities and equipment, maintain its inventory of supplies, parts and other materials and keep its books of account, records, and files in the ordinary and usual course of business. Seller will continue to keep and maintain the Public Inspection File of Station in accordance with FCC rules and regulations. Seller shall continue to operate Station in all material respects in accordance with the terms of its FCC Licenses and in compliance in all material respects with all applicable laws, FCC rules and regulations, the Communications Act and Standards of Good Engineering Practice. Seller will promptly execute any necessary application for renewal of the FCC Licenses. Seller will deliver to Buyer, within ten days after filing, copies of any reports, applications or responses to the FCC related to Station that are filed between the date of this Agreement and the Closing Date. Seller agrees that it shall cure, prior to Closing, and at Seller's sole expense, any violations, deficiencies or conditions of which it is aware or has been made aware.

9.1.3. *Maintenance of Equipment.* Seller will maintain all of the Personal Tangible Assets and improvements on the Real Property in their present good operating condition and shall, at its own expense, keep in a good state of repair and operating efficiency, all of the property and assets to be assigned, transferred and conveyed.

9.1.4. *[deleted]*

9.1.5. *Insurance.* Maintain in full force and effect through the Closing Date adequate property damage, liability, and other insurance with respect to the Station Assets providing coverage against such risks in at least the amounts provided for by the insurance policies currently maintained by Seller.

9.1.6. *Bulk Sales Law.* Comply with any applicable Bulk Sales Law or provide Buyer with an opinion of its legal Counsel that no Bulk Sales Law applies to the transactions contemplated by this Agreement.

9.1.7. *Notification.*

9.1.7.1. Give detailed written Notice to Buyer promptly upon the occurrence of, or upon becoming aware of the impending or threatened occurrence of, any event that would cause or constitute a breach of any of Seller's representations or warranties contained in this Agreement or in any schedule referred to by it.

- 9.1.7.2. Seller shall give prompt written notice to Buyer (i) if the Station Assets shall have suffered damage on account of fire, explosion or other cause of any nature which is sufficient to prevent the operation of the Station or (ii) if the regular broadcast transmission of the Station in the normal and usual manner in which it has been operating is interrupted for a period of three (3) continuous days or more.
- 9.1.8. *Fulfill Conditions.* Use best efforts to fulfill and perform all conditions and obligations on its part to be fulfilled and performed under this Agreement and to cause the transactions contemplated by this Agreement to be fully carried out.
- 9.1.9. *Provide Access.* Allow Buyer and representatives of Buyer, upon reasonable notice and during normal business hours, to inspect the titles, contracts, books of account, records and affairs of Station. Buyer shall be entitled to all such other information concerning the affairs of Station as Buyer shall reasonably request.
- 9.1.10. *Consents and Approvals.* Use best efforts to obtain any and all consents, transfers, authorizations, or approvals required for the consummation of the transactions contemplated hereby.

9.2. *Negative Covenants of Seller.* Prior to the Closing Date, Seller will not, without the prior written consent of Buyer:

- 9.2.1. *No Alienation of Station Assets.* Sell, lease, transfer, or agree to sell, lease, or transfer any Station Assets without notice to Buyer and without replacement of such asset with a substantially equivalent asset of substantially equivalent kind, condition, and value.
- 9.2.2. *No Adverse Permits.* Apply to the FCC for any construction permit or modification of license which would materially restrict the Station's present operation, or make any material change in the Station's buildings, leasehold improvements or fixtures. The Parties acknowledge that Seller has filed a modification application with the FCC which will permit it to retransmit the signal of Station KUPA (AM).
- 9.2.3. *No Negotiations for Sale.* Hold out Station for sale, entertain an offer to purchase the assets of Station or stock of Seller, enter into any negotiations with any party other than Buyer for the assignment and transfer of the assets to be assigned and conveyed under this Agreement, or give an option to any such other party to acquire the assets or stock of Seller.
- 9.2.4. *No New Encumbrances.* Create or assume any new mortgage, security interest or pledge, or subject to Lien any of the Station Assets, whether now owned or later acquired.
- 9.2.5. *No Omission of FCC Obligations.* By any act or omission of it, its members or agents, surrender, modify, forfeit or fail to seek timely renewal of the FCC Licenses from the Commission or cause the Commission to institute any proceedings for revocation, cancellation or modification of the FCC Licenses, or fail to prosecute with due diligence, or participate in the prosecution of, the Assignment Application, including all amendments to it, as necessitated by FCC Rules and Regulations, or as requested by the Commission Staff.

- 9.2.6. *No Voluntary Bankruptcy.* From the time of execution of this Agreement through a ninety (90) day period after the Closing Date, the Seller shall not commence a voluntary case under any provision of the Bankruptcy Code or any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or take any action to assist in or consent to the entry of an order for relief in an involuntary case under any such law or consent to the appointment of or taking possession by a receiver, or trustee or other custodian for all or a substantial part of its property.
- 9.2.7. *No Violation of Law.* Violate, or remain in violation of any law, statute, rule, governmental regulation or order of any court or governmental regulatory authority (whether Federal, State or Local).
- 9.2.8. *No Inconsistent Actions or Omissions.* Take any action or omit to take such action which would be inconsistent with Seller's obligations under this Agreement.

9.3. *Buyer's Covenants.* Between the date hereof, and the Closing Date, Buyer shall:

- 9.3.1. *Fulfill Conditions.* Use best efforts to fulfill and perform all conditions and obligations on its part to be fulfilled and performed under this Agreement and to cause the transactions contemplated by this Agreement to be fully carried out.
- 9.3.2. *Notification.* Give detailed written Notice to Seller promptly upon the occurrence of, or upon becoming aware of the impending or threatened occurrence of, any event that would cause or constitute a breach of any of Buyer's representations or warranties contained in this Agreement or in any schedule referred to by it.
- 9.3.3. *Third Party Consents.* Cooperate with Seller in providing such information and taking such actions as are commercially reasonable, to obtain any necessary Third Party Consents to the Assumed Contracts.

10. CONDITIONS.

10.1. *Conditions Precedent to Buyer's Obligations.* The obligation of Buyer to consummate the transactions contemplated by this Agreement is subject to the fulfillment prior to or at the Closing Date of each of the following conditions:

- 10.1.1. *Commission Approval.* That the Commission shall have consented to the Assignment Application without any condition or qualification materially adverse in Buyer's reasonable judgment to Buyer or the operation of Station, and unless waived by Buyer pursuant to Section 1.6, such consent shall have become a Final Order.
- 10.1.2. *Representations and Warranties.* That the representations and warranties of the Seller contained in this Agreement, or in any related document attached or delivered pursuant to it, shall be true and correct as of this date and as of the Closing Date as though such representations and warranties were made at and as of such time. Buyer shall be entitled to set off against any obligation to Seller which is or may become due, all reasonable amounts necessary to restore Buyer's position to that which would exist if all such representations and warranties were true or such covenants were fully performed.

- 10.1.3. *Performance.* That the Seller shall have performed and complied with all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing Date.
- 10.1.4. *Proceedings.* That (i) no action or proceeding shall have been instituted before any court or governmental body to restrain or prohibit, or to obtain substantial damages in respect of, the consummation of this Agreement that, in the opinion of Buyer, may be expected to result in an injunction against such consummation or, if consummated, an order to nullify or render ineffective such consummation or the recovery against Seller or Buyer of substantial damages; and (ii) none of the parties to this Agreement shall have received written notice from any governmental body of its intention to institute any action or proceeding to restrain or enjoin or nullify this Agreement or the transactions contemplated by it, or to commence any investigation (other than a routine letter of inquiry) into the consummation of this Agreement.
- 10.1.5. *No Material Adverse Change.* That there shall have been no Material Adverse Change as defined in Section 7.4 since the date of this Agreement.
- 10.1.6. *Closing Deliveries.* That Seller shall have made all deliveries to Buyer at Closing required under Section 14.1 of this Agreement.

10.2. *Conditions Precedent to Seller's Obligations.* The obligation of Seller to consummate the transactions contemplated by this Agreement is subject to the fulfillment prior to or at the Closing Date of each of the following conditions:

- 10.2.1. *Commission Approval.* Subject to Buyer's right to waive finality as set forth in Section 1.6, that the Commission shall have consented to the Assignment Application without any condition or qualification materially adverse in Seller's reasonable judgment to Seller.
- 10.2.2. *Representations and Warranties.* That the representations and warranties of the Buyer contained in this Agreement, or in any related document attached or delivered pursuant to it, shall be true and correct as of this date and as of the Closing Date as though such representations and warranties were made at and as of such time.
- 10.2.3. *Performance.* That the Buyer shall have performed and complied with all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing Date.
- 10.2.4. *Closing Deliveries.* That Buyer shall have made all deliveries to Seller at Closing required under Section 14.2 of this Agreement.

11. RIGHTS AND REMEDIES OF PARTIES.

11.1. Risk of Loss. The risk of loss, damage or destruction to any of the property or assets to be transferred to the Buyer from fire or other casualty or cause shall be borne by Seller at all times up to the close of business on the Closing Date, and it will be the responsibility of Seller to repair or cause to be repaired and to restore the property to its condition prior to any such loss, damage, or destruction. In the event of any such loss, damage, or destruction, the proceeds of any claim for any loss, payable under any insurance policy, will be used to repair, replace, or restore any such property to its former condition subject to the conditions stated below. In the event of any loss or damage to any of the property or assets to be transferred from fire, casualty or other causes prior to the close of business on the day before the Closing Date, the Seller shall Notify Buyer of same in writing immediately. Such Notice shall specify with particularity the loss or damage incurred, the cause (if known or reasonably ascertainable), and the insurance coverage. If the property is not completely repaired, replaced or restored on or before the Closing Date, Buyer, at its sole option, may (a) elect to postpone Closing until such time as the property has been completely repaired, replaced or restored to the reasonable satisfaction of Buyer and, if necessary Seller shall join Buyer in requesting any Closing or other extensions which may be required in order to complete such repairs; or (b) elect to close and accept the property in its then condition, in which event Seller shall assign to Buyer all proceeds of insurance covering the property involved; or (c) elect to close and accept the property in its then condition and make appropriate deductions from the purchase price as necessary to restore Station to its prior condition; or (d) terminate this Agreement and declare it of no further effect, whereupon the Deposit and all interest thereon shall be returned to Buyer.

11.2. Buyer's Rights Upon Default By Seller.

11.2.1. *Specific Performance.* The parties mutually agree that all of the assets and property to be assigned and conveyed pursuant to this Agreement are unique and cannot readily be purchased on the open market. For that reason, among others, Buyer will be irreparably damaged in the absence of its consummation. In the event of a default by Seller under this Agreement, Buyer may as its sole remedy pursue the remedy of specific performance of this Agreement.

11.2.2. Seller hereby agrees not to raise any defense or objection to Buyer's enforcement action on the grounds that Buyer's damage may be adequately compensated by money damages only.

11.2.3. Buyer shall also be entitled to recover all costs of enforcement and reasonable attorneys' fees and expenses.

11.3. Buyer shall be entitled to the return of the Deposit should it decide not to pursue its remedy of specific performance.

11.4. Seller's Remedies Upon Default By Buyer. If this Agreement is not consummated because of a default on the part of Buyer in material breach of this Agreement then Seller may, provided it is not in default of any term or condition of this Agreement, terminate this Agreement upon providing twenty (20) days written notice to Buyer. The parties recognize that it would be extremely difficult and impractical to ascertain the actual damages sustained by Seller as a result of Buyer's default. Accordingly, it has been mutually agreed that, in the event of such default, Buyer shall forfeit to Seller the Deposit as liquidated damages (so long as Seller is not in default of any term or condition of this Agreement and has otherwise complied with all its obligations under this Agreement). The parties mutually agree that such forfeiture is not in the nature of a penalty; that no penalty shall be payable by Buyer; and that this sum will constitute full payment for any and all damages suffered by Seller or its members, by reason of Buyer's failure to consummate this Agreement.

12. INDEMNIFICATION.

12.1. Survival of Representations and Warranties. All representations and warranties made in this Agreement shall survive the Closing Date for six (6) months; provided, however, that the representations and warranties regarding tax matters shall survive the Closing Date until the expiration of all applicable statutes of limitations.[need new indemnification language]

13. CLOSING DELIVERIES.

13.1. Seller's Deliveries at Closing. On the Closing Date at the Closing Place Seller shall duly execute and deliver the following:

13.1.1. A Certificate of Good Standing from Seller's State of Incorporation, as well as evidence of Seller's right to conduct business in the State of Hawaii.

13.1.2. A copy of a Resolution of Seller's sole member authorizing the execution, delivery and performance of this Agreement.

13.1.3. A Certificate signed by Seller's sole member that the representations and warranties of Seller contained in this Agreement, or in any related document attached or delivered pursuant to it, are true and correct as of the Closing Date, and that Seller has performed and complied with all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing Date.

13.1.4. An Assignment to Buyer of the FCC Licenses for Station, together with any and all other related authorizations, including all of Seller's right, title and interest in and to the Call Letters, "K280FC" and other governmental licenses and authorizations.

13.1.5. One or more Bills of Sale assigning, transferring and conveying to Buyer free and clear title to all of the Personal Tangible Assets.

13.1.6. The files, records, logs of Station.

13.1.7. Such other assignments, bills of sale or other instruments of transfer, assignment or conveyance as may be required by Buyer to effectuate the assignment, transfer and conveyance to Buyer of all the assets, property, rights, privileges and immunities of Seller which are to be sold, transferred, conveyed and assigned to Buyer.

13.2. Buyer's Deliveries at Closing. On the Closing Date at the Closing Place Buyer shall, upon receipt of the releases, assurances and other documentation provided for by this Agreement (including receipt of evidence that any and all mortgages, security interests or encumbrances of any kind in and to all of the assets to be acquired by Buyer have been removed) execute and deliver to Seller the following:

13.2.1. A certified copy of Buyer's enabling resolutions ratifying the execution, performance and delivery of this Agreement.

13.2.2. A Certificate that the representations and warranties of Buyer contained in this Agreement or related document attached or delivered pursuant to it, are true and correct as of the Closing Date, and that Buyer has performed and complied with all covenants, agreements and conditions required by this Agreement to be performed or completed with it prior to or at the Closing Date.

13.2.3. The Promissory Note and Security Agreement as set forth in paragraph 4.3 herein,

13.2.4. Such other assignments, bills of sale or other instruments of transfer, assignment or conveyance as may be required by Seller to effectuate the assignment, transfer and conveyance to Buyer of all the assets, property, rights, privileges which are to be sold, transferred, conveyed and assigned to Buyer.

14. TAXES, FEES AND EXPENSES.

14.1. Expenses. Except as otherwise expressly set forth in this Agreement, each party hereto shall be solely responsible for all costs and expense incurred by it in connection with the negotiation and preparation of the Agreement and the transactions contemplated thereby.

14.2. Transfer Taxes and Similar Charges. Recordation, transfer and documentary taxes and fees, and any excise, sales or use taxes imposed by reason of the transfer of the Assets in accordance with this Agreement shall be borne by Seller.

14.3. Governmental Filing or Grant Fees. Any filing or grant fees imposed by any governmental authority the consent of which is required to the transactions contemplated hereby shall be borne equally by Buyer and Seller.

15. MISCELLANEOUS.

15.1. Assignment.

15.1.1. *By Seller.* This Agreement may not be assigned by Seller to any third party without the express written consent of Buyer.

15.1.2. *By Buyer.* This Agreement may not be assigned by Buyer without the written consent of the Seller

15.2. No Third Party Beneficiaries. Nothing herein expressed or implied is intended or shall be construed to confer upon or give to any person or entity other than the parties hereto and their successors or permitted assigns, any rights or remedies under or by reason of this Agreement.

15.3. *Notices.* Any Notices required or permitted to be given under this Agreement by either party to the other may be effected by certified mail, postage prepaid with return receipt requested, or by USPS Express air service, overnight air courier service or same day delivery service, and addressed as follows:

If to Seller:

Mr. Victor A. Michael Jr.
Kona Coast Radio, LLC
87 Jasper Lake Road
Loveland, CO 80537

If to Buyer:

Gregory Douglas
Beach Time Broadcast, LLC
P.O. Box 2205
Irwindale, CA 91706
Ph: 415-277-1722
greg@aimbroadcasting.com

With copy which shall not constitute notice to:

Denise B. Moline, Esq.
358 Pines Blvd.
Lake Villa, IL 60046-6600
Ph: 847.245.7414
Fax: 847.245.7419
dbmoline@comcast.net

15.3.1. Notices shall be addressed to the parties at the addresses given above, but each party may change its address by written Notice in accordance with this Section. Notice shall be deemed to have been given on the next business day if sent by USPS express mail, overnight air courier, or same day delivery service. The provision of notice by telephone facsimile or to counsel shall not constitute Notice under this Agreement.

15.4. *Benefit.* This Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns.

15.5. *Other Documents.* The parties shall execute such other documents as may be necessary or desirable to the implementation and consummation of this Agreement.

15.6. *Further Assurances.* The parties to this Agreement each pledge to the other that they shall take whatever steps are reasonably necessary, in good faith, and use their best efforts to carry out their obligations under this Agreement in order that the transactions contemplated may be consummated in a complete and expeditious manner.

15.7. *Separate Counsel.* The parties to this Agreement have retained independent counsel in connection with the negotiation and preparation of this Agreement, and have consulted with and sought advice from their respective counsel, prior to execution, concerning their respective rights and duties under this Agreement.

15.8. *Appendices.* All Appendices and schedules attached to this Agreement shall be deemed to be part of this Agreement and incorporated in it, where applicable, as if fully set forth in the body of this Agreement. If any provision in any Appendix conflicts with or is not consistent with the provisions of this Agreement, the terms of this Agreement shall govern.

15.9. *Counterparts.* This Agreement may be signed by any number of counterparts with the same effect as if the signature of each such counterpart were upon the same instrument.

15.10. *Headings.* The headings of the Articles, Sections and paragraphs of this Agreement are inserted as a matter of convenience and for reference purposes only and in no way define, limit or describe the scope of this Agreement nor the intent of any Section or paragraph.

15.11. *Time of the Essence.* Time is deemed to be of the essence with respect to this Agreement.

15.12. *Entire Agreement.* This Agreement and all Appendices attached hereto and the ancillary documents provided for herein, constitute the entire agreement and understanding of the parties hereto relating to the matters provided for herein and supersede any and all prior agreements, arrangements, negotiations, discussions and understandings relating to the matters provided for herein.

15.13. *Amendment.* This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

15.14. *Waivers.* No waiver of any right under this Agreement or waiver of a breach of it shall be effective unless in writing and signed by the party or parties waiving such right or breach. No waiver of any right or waiver of any breach shall constitute a waiver of any other or similar right or breach and no failure to enforce any right under this Agreement shall preclude or affect the later enforcement of such right.

15.15. Severability. In the event that any one or more of the provisions contained in this Agreement or in any other instrument referred to herein, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, then to the maximum extent permitted by law, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other such instrument, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had not been contained herein.

15.16. Number and Gender. Whenever required by the context, the singular number shall include the plural and the masculine, feminine, or neuter gender shall include all genders.

15.17. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

15.18. Choice of Forum. Any action, suit or other proceeding with respect to this Agreement may be brought in the courts of the State of Hawaii and each party consents to and accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of these courts. Each party irrevocably waives any objection, including, without limitation, any objection to the laying of venue or based on the grounds of *forum non conveniens*, which it may now or hereafter have to the bringing of any such action, suit or other proceeding in those jurisdictions.

15.19. Attorneys' Fees. Should any party hereto institute any action or proceeding at law or in equity to enforce any provision of this Agreement, including an action for declaratory relief, or for damages by reason of an alleged breach of any provision of this Agreement, or otherwise in connection with this Agreement, or any provision hereof, the prevailing party shall be entitled to recover from the losing party or parties its costs and expenses, including reasonable attorneys' fees and costs for services rendered to the prevailing party in such action or proceeding.

[SIGNATURE PAGE]

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date and year first above written.

SELLER

Kona Coast Radio, LLC

By: _____


Victor R. Michael, Jr., Sole Member

BUYER:

Beach Time Broadcast, LLC

By: _____

Gregory J. Douglas, President

[SIGNATURE PAGE]

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date and year first above written.

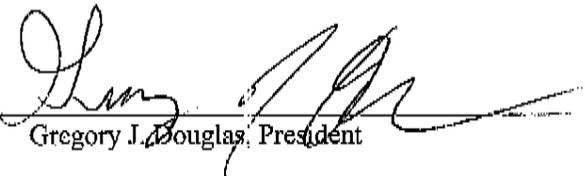
SELLER

Kona Coast Radio, LLC

By: _____
Victor R. Michael, Jr., Sole Member

BUYER:

Beach Time Broadcast, LLC

By:  _____
Gregory J. Douglas, President

APPENDICES

Appendix A	FCC Licenses
Appendix B	Real Property Leases
Appendix C	Personal Tangible Assets

**APPENDIX A
FCC LICENSES**

<u>Application</u>	<u>File Number</u>	<u>Expiration Date</u>
License to Cover	BLFT-20110506AAN	February 1, 2014
Minor Change to a Licensed Facility	BPFT-20120315ADQ	April 30, 2015

Appendix B
Real Property Leases

The antenna is shared with K288FB Honolulu. The antenna does not convey. Buyer shall be permitted use of the antenna under the current lease provided it complies with the terms of the lease and pays 50% of the rent due.

Appendix C
Personal Tangible Assets

Armstrong 150 watt Transmitter
FM receiver