

ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT, dated as of March 20, 2007 (this "Agreement"), by and between APPLIED LIFE MINISTRIES, INC., an Arkansas corporation ("Seller"), and EDUCATIONAL MEDIA FOUNDATION, a California non-profit corporation ("Buyer").

WITNESSETH:

WHEREAS, Seller is the licensee of radio station KALR(FM), Hot Springs, Arkansas (Channel 218C3, 91.5 MHz) FIN # 2536 (the "Station") pursuant to authorizations (the "FCC Authorizations") issued by the Federal Communications Commission (the "FCC"); and

WHEREAS, on the terms and conditions described herein, Seller desires to sell and Buyer desires to acquire substantially all of the assets owned or leased by Seller and used or useful in connection with the operation of the Station.

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

1. Sale of Assets.

(a) On the Closing Date (as hereinafter defined), Seller shall sell, assign and transfer to Buyer, and Buyer shall purchase and assume from Seller, the assets, properties, interests and rights of Seller of whatsoever kind and nature, which are owned by Seller and used or useful in connection with the operation of the Station (the "Assets") (but excluding the Excluded Assets described in subparagraph (c) below), including without limitation:

(i) Seller's equipment, machinery, furniture, furnishings, fixtures, office materials, and other tangible personal property used or useful in the conduct of the business or operations of the Station (the "Tangible Personal Property"), together with such improvements and additions thereto and replacements thereof between the date hereof and the Closing Date, including without limitations the property set forth on Schedule 1 hereto;

(ii) All of the licenses, permits, applications, and other authorizations, including the FCC Authorizations (collectively, the "Licenses"), issued by, or granted by, or filed with the FCC, the Federal Aviation Administration (the "FAA"), and any other federal, state or local governmental authorities to Seller in connection with the conduct of the business and the full on-air operations of the Station, including without limitation those set forth on Schedule 2 hereto;

(iii) A lease of the Station's tower site (the "Tower Lease") in the form of Exhibit A hereto and on the terms and conditions stated therein, including that the term of the Tower Lease shall be ten years, with four five year renewal terms, at an initial monthly rent of \$350, with 3% annual increases, to be entered into on the Closing Date, including buildings,

fixtures and other improvements, easements, licenses, rights of access, rights of way and improvements which are held by Seller for use in the operation of the Station's tower site facility (the "Real Property") as further described on Schedule 3 hereto. The Tower Lease shall contain an option for Buyer to locate its transmission facilities for KLRO(FM) at the tower site for \$750 per month, such option exerciseable within three (3) years from the closing date;

(iv) All of Seller's logs, books, files, data, software, FCC and other governmental applications, equipment manuals and warranties, and other records relating to the full on-air broadcast operations of the Station, including without limitation all electronic data processing files and systems, FCC filings and all records required by the FCC to be kept by the Station; and

(v) All of Seller's right, title and interest in and to all copyrights, licenses, patents, trademarks, service marks, logos and trade names (including the call letters) used in connection with the operation of the Station and all goodwill associated therewith, including registrations and applications for registration of any of the foregoing, and other similar intangible rights and interests.

(b) The Assets shall be transferred by Seller to Buyer free and clear of all debts, security interests, mortgages, trusts, claims, pledges, conditional sales agreements and other liens, liabilities and encumbrances of every kind and nature ("Liens"), other than for taxes not yet due and payable ("Permitted Liens"). Buyer is not agreeing to, and shall not, assume any liability, obligation, undertaking, expense or agreement of Seller of any kind, absolute or contingent, known or unknown, and the execution and performance of this Agreement shall not render Buyer liable for any such liability, obligation, undertaking, expense or agreement unless otherwise specifically agreed to herein. All of such liabilities and obligations which are to be assumed by Buyer, shall be referred to herein as the "Assumed Liabilities." All such liabilities not specifically assumed by Buyer shall be retained by Seller and are referred to herein as the "Retained Liabilities".

(c) The following assets and obligations relating to the business of the Station shall be retained by Seller and shall not be sold, assigned or transferred to or assumed by Buyer (the "Excluded Assets"):

(i) Cash on hand and in banks (or their equivalents), and accounts receivable arising out of the Seller's operation of the Station prior to Closing;

(ii) All rights of Seller under all contracts, leases and agreements, including contracts of insurance and insurance proceeds;

(iii) All pension, profit-sharing, retirement, stock purchase or savings plans or trusts and any assets thereof and all other employee benefit plans;

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

(v) Seller's corporate records.

(vi) All assets of the Seller not associated with or used in the operation of the Station.

2. **Purchase Price.**

(a) Upon the terms and subject to the conditions contained in this Agreement, and in consideration of the sale of the Assets, on the Closing Date Buyer shall pay to Seller, Two Hundred Seventy Five Thousand and No/100 Dollars (\$275,000), the Purchase Price (the "Purchase Price"), which shall be payable to Seller at Closing as follows:

(i) On the Closing Date, Buyer shall pay to Seller by wire transfer of immediately available funds, the sum of One Hundred Twenty Five Thousand Dollars (\$125,000); and

(ii) On the Closing Date, Buyer shall execute and deliver to Seller a promissory note substantially in the form attached hereto as Exhibit B (the "Note") in the aggregate principal amount of One Hundred Fifty Thousand Dollars (\$150,000). The principal of and interest on the Note shall be amortized over a term of eighty four (84) months (the "Note Term"). The loan evidenced by the Note shall bear interest at the rate of five and one quarter percent (5.25%) per annum. Buyer shall pay monthly, in arrears, installments of principal and interest in the amount of \$2,137.75 each, commencing on the 30th day after the Closing Date and continuing on the same calendar day of each succeeding month. Buyer may prepay all or any portion of the principal of the Note from time to time without penalty; and

(iii) To secure Buyer's payment obligations under the Note, Buyer shall execute and deliver to Seller on the Closing Date a Security Agreement substantially in the form of Exhibit C hereto (the "Security Agreement") granting a first priority security interest in the Assets conveyed to Buyer hereunder, excluding the FCC Licenses solely, and all proceeds from the FCC Licenses.

(b) Concurrently with the execution of this Agreement, Buyer has delivered to WashingtonFirst Bank (the "Escrow Agent") the sum of Twenty Seven Thousand Five Hundred Dollars (\$27,500) to be held as an earnest money deposit (the "Earnest Money Deposit") pursuant to an Escrow Agreement (the "Escrow Agreement") of even date herewith. The Earnest Money Deposit shall be paid to Seller as partial payment of the cash Purchase Price due at Closing to Seller, or shall otherwise be made available to Seller or released to Buyer in accordance with the provisions of this Agreement.

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

Date, with final settlement and payment to be made within forty-five (45) days after the Closing Date.

3. **FCC Consent; Assignment Application.**

(a) At a date not later than ten (10) business days after the execution of this Agreement, Buyer and Seller shall execute, file and vigorously prosecute an application with the FCC (the "Assignment Application") requesting its consent to the assignment, from Seller to Buyer, of all FCC Authorizations pertaining to the Station (the "FCC Consent"). Buyer and Seller shall take all reasonable steps to cooperate with each other and with the FCC to secure such FCC Consent without delay, and to promptly consummate this Agreement in full.

(b) Seller hereby consents to and agrees to cooperate with Buyer in connection with the filing of a request by Buyer for a waiver of the FCC's "main studio" rules, such waiver to be effective on or after the Closing Date. Such request shall be made and prosecution thereof shall be conducted solely at Buyer's expense.

4. **Closing Date; Closing Place.** The closing (the "Closing") of the transactions contemplated by this Agreement shall occur on a date (the "Closing Date") fixed by Buyer which shall be no later than ten (10) days following the date on which the FCC Consent shall have become a Final Order (as hereinafter defined) and the other conditions to closing set forth in Section 8 have either been waived or satisfied. For purposes of this Agreement, the term "Final Order" means action by the FCC consenting to an application which is not reversed, stayed, enjoined, set aside, annulled or suspended, and with respect to which action no timely request for stay, petition for rehearing or appeal is pending, and as to which the time for filing any such request, petition or appeal or reconsideration by the FCC on its own motion has expired. The Closing shall be held at the offices of Davis Wright Tremaine LLP, 1500 K Street, NW, Suite 450, Washington, D.C., or at any other location agreed upon by Buyer and Seller, or by mail.

5. **Representations and Warranties of Seller.** Seller hereby makes the following representations and warranties to Buyer:

(a) Seller is a corporation organized, validly existing and in good standing under the laws of the State of Arkansas. Seller has the power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by Seller and no other proceedings on the part of Seller are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Seller and constitutes the legal, valid and binding obligation of Seller enforceable in accordance with its terms.

(b) The execution, delivery and performance of this Agreement by Seller will not (i) to the extent applicable to Seller, constitute a violation of or conflict with Seller's articles of incorporation or by-laws, (ii) result in a default (or give rise to any right of termination,

cancellation or acceleration) under or conflict with any of the provisions of any note, bond, mortgage, indenture, agreement, lease or other instrument or obligation relating to the business of the Station and to which Seller or any of the Assets may be subject (iii) violate any law, statute, rule, regulation, order, writ, injunction or decree of any federal, state or local governmental authority or agency and which is applicable to Seller or any of the Assets, (iv) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever on any of the Assets, or (v) require the consent or approval of any governmental authority, lending institution or other third party other than the FCC Consent.

(c) Schedule 1 hereto contains a list of the Tangible Personal Property owned or leased by Seller for use in connection with the operation of the Station. Seller owns and has, and will have on the Closing Date, good and marketable title to the Tangible Personal Property. The assets listed on Schedule 1 hereto include all material Tangible Personal Property necessary to conduct the transmission operations of the Station as now conducted (other than those assets which are Excluded Assets). Each material item of Tangible Personal Property (i) is in good condition and repair, ordinary wear and tear excepted, (ii) has been maintained in a manner consistent with generally accepted standards of good engineering practice, (iii) is operating in substantial compliance with the FCC Authorizations and rules and regulations of the FCC and FAA, and (iv) to Seller's best knowledge, does not contain any PCBs. For purposes of this Section, material Tangible Personal Property shall be such items of property valued at One Hundred Dollars (\$100) or more.

(d) Schedule 2 hereto contains a true and complete list of the FCC Authorizations and all other licenses, permits or other authorizations from governmental or regulatory authorities that are required for the lawful conduct of the business and operations of the Station in the manner and to the full extent it is presently operated. The Licenses are in full force and effect, unimpaired by any act or omission of Seller. Seller lawfully holds each of the FCC Authorizations and other licenses, permits and authorizations listed on Schedule 2, none of which is subject to any restrictions or conditions that would limit in any material respect the operations of the Station. Except as set forth in Schedule 2, Seller is operating the Station in all material respects in accordance with the FCC Authorizations, and all rules, regulations and policies of the FCC (the "Communications Laws"), including that the Station is transmitting at no less than 90% of its authorized power. The Station is not short spaced to any other station and the Station is not transmitting or receiving any objectionable interference to or from any other station. Except that an application for renewal of the Licenses is pending (the "Renewal Application"), there is not now pending or, to Seller's knowledge, threatened any action by or before the FCC to revoke, cancel, rescind, modify or refuse to renew any of such FCC Authorizations, and Seller has not received any notice of and has no knowledge of any pending, issued or outstanding order by or before the FCC, or of any investigation, order to show cause, notice of violation, notice of apparent liability, notice of forfeiture, or material complaint against either the Station or Seller. Except as set forth in Schedule 2, all material reports and filings required to be filed with the FCC by Seller with respect to the operation of the Station have been timely filed, and all such reports and filings are accurate and currently are in material compliance. Seller maintains a public inspection file for the Station and, to Seller's knowledge, such file complies with the Communications Laws.

(e) The existing towers specified for use in the operation of the Station are obstruction-marked and lighted to the extent required by, and in accordance with, the rules and regulations of the FAA and the FCC. Seller has complied in all material respects with all requirements of the FCC and the Federal Aviation Administration with respect to the construction and/or alteration of Seller's antenna structures, and "no hazard" determinations for each antenna structure have been obtained, where required at this point in time. The Station's tower has been properly registered with the FCC at the coordinates specified in the Licenses. The operations of the Station do not exceed permissible levels of exposure to RF radiation specified in either the FCC's rules, regulations and policies concerning RF radiation or any other applicable Environmental Laws (as defined below).

(f) The Real Property constitutes the only real property required to operate the transmission facility of the Station in the manner in which it is presently operated. There is full legal and practical access to the Real Property and all utilities necessary for Buyer's use of the Real Property as a radio tower facility are installed and are in good working order, and, are subject to valid easements where necessary. The buildings, towers, guys and other fixtures situated on the Real Property, are free of structural defects and are in a good state of maintenance and repair (ordinary wear and tear excepted), are contained entirely within the bounds of the Real Property, and do not encroach upon any other property except in cases where valid easements have been obtained. Except as set forth on Schedule 3, the Real Property and improvements constructed thereon, as well as the present uses thereof, conform in all material respects with all restrictive covenants and with all applicable zoning, environmental and building codes, laws, rules and regulations, including set back restrictions. To Seller's knowledge, there is no pending condemnation or similar proceeding affecting the Real Property or any portion thereof, and no such action is presently contemplated or threatened.

(g) The instruments to be executed by Seller and delivered to Buyer at the Closing, conveying the Assets to Buyer, will transfer good and marketable title to the Assets free and clear of all Liens, except for the Seller's lien as specified in the Security Agreement .

(h) Buyer shall have no obligation to offer employment to any employee of Seller's or the Station, and shall have no liability with respect to any such employee or for employee benefits of any kind or nature.

(i) Other than Patrick Communications, whose fees will be paid by Seller, there is no broker or finder or other person who would have any valid claim for a commission or brokerage in connection with this Agreement or the transaction contemplated hereby as a result of any agreement, understanding or action by Seller.

(j) Seller is not subject to any order, writ, injunction, judgment, arbitration decision or decree having binding effect and affecting the business of the Station or the Assets or which restrains or enjoins the transactions contemplated hereby, and no such proceeding is pending. Except as set forth in Schedule 4, there is no material litigation pending by or against, or to the best of Seller's knowledge, threatened against Seller which relates to Seller or the Station or could affect any of the Assets. Seller, with respect to the Station, has complied in all

material respects with all applicable laws, regulations, orders or decrees. The present uses by Seller of the Assets do not violate any such laws, regulations, orders or decrees in any material respect, and Seller has no knowledge of any basis for any claim for compensation or damage or other relief from any violation of the foregoing.

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

(l) Seller has duly, timely and in the required manner filed all federal, state, and local income, franchise, sales, use, property, excise, payroll and other tax returns and forms required to be filed, and has paid in full or discharged all taxes, assessments, excises, interest, penalties, deficiencies and losses required to be paid. No event has occurred which could impose on Buyer any liability for any taxes, penalties or interest due or to become due from Seller from any taxing authority.

(m) Seller has complied and currently is in material compliance with, and, to the best of Seller's knowledge, the Real Property is in material compliance with, all applicable laws, statutes, rules, regulations, codes and ordinances of all U.S. federal, state and local government agencies and authorities relating to the discharge of air pollutants, water pollutants or process waste water, Hazardous Materials (as defined herein), or toxic substances, or otherwise relating to the environment, including without limitation the Federal Solid Waste Disposal Act, the Federal Clean Air Act, the Federal Clean Water Act, the Federal Resource Conservation and Recovery Act of 1976, the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, regulations of the Environmental Protection Agency, regulations of the Nuclear Regulatory Commission, and regulations of any state department of natural resources or state environmental protection agency now or at any time hereafter in effect ("Environmental Laws").

As used herein, the term "Hazardous Materials" means any wastes, substances, or materials (whether solids, liquids or gases) that are deemed hazardous, toxic, pollutants, or contaminants, including substances defined as "hazardous wastes," "hazardous substances," "toxic substances," "radioactive materials," or other similar designations in, or otherwise subject to regulation under, any Environmental Laws. "Hazardous Materials" includes polychlorinated biphenyls (PCBs), asbestos, lead-based paints, infectious wastes, radioactive materials and wastes and petroleum and petroleum products (including crude oil or any fraction thereof). There are no underground storage tanks located at the Station's tower site facility. There are not now, nor to Seller's knowledge have there previously been, any other facilities on, under, or at the Real Property which contained any Hazardous Materials which, if known to be present in soils or ground water, would require cleanup, removal or some other remedial action under Environmental Laws.

(n) No representation or warranty made by Seller in this Agreement, and no statement made in any certificate, document, exhibit or schedule furnished or to be furnished in connection with the transactions herein contemplated, contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make

such representation or warranty or any such statement not misleading to Buyer.

6. **Representations and Warranties of Buyer.** Buyer hereby makes the following representations and warranties to Seller:

(a) Buyer is a non-profit corporation duly organized, validly existing and in good standing under the laws of the State of California, is qualified or on the closing date will be qualified to do business as a foreign corporation in the State of Arkansas, has the requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted.

(b) Buyer has the power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement, the Note, the Security Agreement, and the Tower Lease, and the consummation of the transactions contemplated hereby have been duly and validly authorized by Buyer and no other proceedings on the part of Buyer are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Buyer and constitutes, and upon closing the Note, the Security Agreement, and the Tower Lease, will constitute, the legal, valid and binding agreements of Buyer enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency or other laws affecting generally the enforcement of creditors' rights or the application of principles of equity.

(c) The execution, delivery and performance of this Agreement, the Note, the Security Agreement, and the Tower Lease by Buyer will not (i) conflict with or result in any breach of any provision of the articles of incorporation or by-laws of Buyer, or (ii) result in a default (or give rise to any right of termination, cancellation or acceleration) under or conflict with any of the terms, conditions or provisions of any note, bond, mortgage, indenture, agreement, lease or other instrument or obligation, relating to its own business, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained and delivered to Seller, (iii) violate any law, statute, rule, regulation, order, writ, injunction or decree of any federal, state or local governmental authority or agency and which is applicable to Buyer, or (iv) require the consent or approval of any governmental authority, lending institution or other third party other than the FCC Consent.

(d) Buyer is legally, financially and technically qualified to acquire and become the licensee of the Station.

(e) There is no litigation, proceeding or governmental investigation pending or to the knowledge of Buyer, threatened, in any court, arbitration board, administrative agency, or tribunal against or relating to Buyer including without limitation, any voluntary or involuntary petition under Federal bankruptcy law or any state receivership or similar proceedings, that would prevent or materially impede the consummation by Buyer of the transactions contemplated by this Agreement, nor does Buyer know of, or have any reasonable ground to know of, in view of its present situation or action it now contemplates taking, any basis for such

litigation, proceeding or investigation.

(f) There is no broker or finder or other person who would have any valid claim against Buyer for a commission or brokerage in connection with this Agreement or the transactions contemplated hereby as a result of any agreement, understanding or action by Buyer.

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

(a) Seller shall maintain the Tangible Personal Property included in the Assets in accordance with standards of good engineering practice and replace any of such property which shall be worn out, lost, stolen or destroyed with like property of substantially equivalent kind and value.

(b) Seller shall continue to operate and maintain the Station in accordance with the terms of the FCC Authorizations and in material compliance with all applicable laws and FCC rules and regulations. Seller will deliver to Buyer, promptly after filing, copies of any reports, applications or responses to the FCC or any communications from the FCC or any other party directed to the FCC related to the Station which are filed between the date of this Agreement and the Closing Date. Seller will not file any application to modify the Station's facilities without Buyer's prior written consent, and Seller shall take all actions necessary to keep the FCC Licenses, including all material permits and applications pending before the FCC, valid and in full force and effect, including that Seller will diligently prosecute the Renewal Application. In all other respects, except as disclosed in writing to and approved by Buyer, Seller shall operate the Station solely in the ordinary course of business and in accordance with past practice, and shall pay its obligations with respect to the Station in the ordinary course as such obligations become due.

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

(d) Prior to the Closing Date, Seller shall not, without the prior written consent of Buyer sell, lease, transfer or agree to sell, lease or transfer any of the Assets without replacement thereof with an asset of equivalent kind, condition and value, or create any Lien on the Assets.

(e) On or before the Closing Date, Seller shall furnish to Buyer revised Schedules to this Agreement as may be necessary to render such Schedules accurate and complete as of the Closing Date. Seller shall give detailed written notice to Buyer promptly upon the occurrence of or becoming aware of the impending or threatened occurrence of, any event which would cause or constitute a breach or would have caused a breach had such event occurred or been known to Seller prior to the date hereof, of any of Seller's representations or warranties contained in this Agreement or in any Schedule. Seller shall promptly disclose to Buyer any significant problems or developments with respect to the Station or the Assets. Seller shall give prompt written notice to Buyer if the Assets shall have suffered damage on account of fire,

explosion or other cause of any nature that is sufficient to prevent operation of the Station.

(f) Seller shall be in material compliance with all federal, state and local laws, rules and regulations.

(g) If any event should occur which would prevent the consummation of the transactions contemplated hereunder, Seller shall use its best efforts to cure the event as expeditiously as possible.

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

(a) The performance of the obligations of Seller hereunder is subject to the satisfaction of each of the following express conditions precedent, unless waived in writing by Seller:

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

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

(iii) The FCC Consent shall be effective and shall have become a Final Order and the Renewal Application shall have been granted and become a Final Order;

(iv) Buyer shall have delivered to Seller, on the Closing Date, the documents required to be delivered pursuant to Section 9(b).

(v) Buyer shall not be subject to any voluntary or involuntary petition under Federal bankruptcy law, or any state receivership or similarly proceeding.

(vi) If any event should occur which would prevent the consummation of the transactions contemplated hereunder, the Buyer, as appropriate, shall use its best efforts to cure the event as expeditiously as possible.

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

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

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

(iii) None of the events or conditions referenced in Section 19 below shall have occurred and not been remedied as set forth in Section 19;

(iv) The FCC Consent shall be effective and shall have become a Final Order and the Renewal Application shall have been granted and become a Final Order;

(v) There shall not be any Liens on the Assets or any financing statements of record other than those to be satisfied by Seller on or before the Closing Date, and Seller shall have delivered to Buyer lien search reports, in form and substance satisfactory to Buyer and dated no earlier than 30 days prior to the Closing, reflecting the results of UCC, tax and judgment lien searches conducted at Secretary of State offices of the State of Arkansas;

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

(vii) Seller shall have delivered to Buyer, on the Closing Date, the documents required to be delivered pursuant to Section 9(a).

9. **Closing Deliveries.**

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

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

(ii) An Assignment and Assumption of the Station's FCC Licenses;

(iii) The Tower Lease, duly executed by Seller;

(iv) The Security Agreement, duly executed by Seller;

(v) Certified copies of the resolutions of the Board of Directors of Seller authorizing and approving the execution and delivery of this Agreement and authorizing the consummation of the transactions contemplated hereby and thereby;

(vi) A certificate, dated the Closing Date, executed by an officer of Seller, certifying the fulfillment of the conditions set forth in Section 8(b)(i) and (ii) hereof;

(vii) Payoff letters from each lienholder, and authorized lien releases with respect to the Assets;

(viii) A joint notice to the Escrow Agent;

(ix) A copy of the Station's public inspection file delivered to Buyer's address via overnight delivery; and

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

(b) Prior to or at the Closing, Buyer will deliver to Seller the following, each of which shall be in form and substance satisfactory to Seller and its counsel:

(i) The payments to be made pursuant to Section 2(a) hereof and the Note and the Security Agreement, duly executed by Buyer;

(i) An Assignment and Assumption of the Station's FCC Licenses, duly executed by Buyer;

(ii) The Tower Lease, duly executed by Buyer;

(iii) A joint notice to Escrow Agent;

(iv) Certified copies of the resolutions of the Board of Directors of Buyer authorizing and approving the execution and delivery of this Agreement and authorizing the consummation of the transactions contemplated hereby and thereby;

(v) A certificate, dated the Closing Date, executed by the President of Buyer, certifying the fulfillment of the conditions set forth in Section 8(a)(i) and (ii) hereof;

(vi) A certificate of good standing for Buyer from the Secretary of State of California and a certificate of authority to do business as a foreign corporation in Arkansas; and

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

10. **Indemnification.**

(a) Following the Closing Seller shall indemnify, defend and hold harmless Buyer with respect to any and all demands, claims, actions, suits, proceedings, assessments, judgments, costs, losses, damages, liabilities and expenses (including, without limitation, interest, penalties, court costs and reasonable attorneys' fees) ("*Damages*") asserted against, resulting from, imposed upon or incurred by Buyer directly or indirectly relating to or arising out of: (i) the breach by Seller of any of its representations or warranties that survive the Closing, or failure by Seller to perform any of its covenants, conditions or agreements set forth in this Agreement that survive the Closing; and (ii) any and all claims, liabilities and obligations of any nature, absolute or contingent, relating to the ownership and operation of the Station prior to the Closing, including the Retained Liabilities and with respect to the Excluded Assets.

(b) Following the Closing Buyer shall indemnify, defend and hold Seller harmless with respect to any and all Damages asserted against, resulting from, imposed upon or incurred by Seller directly or indirectly relating to or arising out of: (i) the breach by Buyer of any of its representations, warranties, or failure by Buyer to perform any of its covenants, conditions or agreements set forth in this Agreement; and (ii) any and all claims, liabilities and obligations of any nature, absolute or contingent, relating to the Assumed Liabilities or the ownership and operation of the Station as conducted by Buyer subsequent to the Closing.

(c) If either party hereto (the "*Indemnitee*") receives notice or otherwise obtains knowledge of any matter with respect to which another party hereto (the "*Indemnifying Party*") may be obligated to indemnify the Indemnitee under this Section 10(c), then the Indemnitee shall promptly deliver to the Indemnifying Party written notice describing such matter in reasonable detail and specifying the estimated amount of the Damages or liability that may be incurred by the Indemnitee in connection therewith. The Indemnifying Party shall have the right, at its option, to assume the complete defense of such matter at its own expense and with its own counsel, provided such counsel is reasonably satisfactory to the Indemnitee. If the Indemnifying Party elects to assume the defense of such matter, then (i) notwithstanding anything to the contrary herein contained, the Indemnifying Party shall not be required to pay or otherwise indemnify the Indemnitee against any such matter following the Indemnifying Party's election to assume the defense of such matter, (ii) the Indemnitee shall fully cooperate as reasonably requested by the Indemnifying Party in the defense or settlement of such matter, (iii) the Indemnifying Party shall keep the Indemnitee informed of all material developments and events relating to such matter, and (iv) the Indemnitee shall have the right to participate, at its own expense, in the defense of such matter. In no event shall the Indemnifying Party be liable for any settlement or admission of liability with respect to such matter without its prior written consent.

(d) The several representations and warranties of Seller and Buyer contained in or made pursuant to this Agreement shall expire on the date that is two (2) years after the Closing Date.

11. Termination.

(a) This Agreement may be terminated by either Buyer or Seller, if the party seeking to terminate is not in default or breach of any of its material obligations under this Agreement, upon written notice to the other upon the occurrence of any of the following: (a) if, on or prior to the Closing Date, the other party breaches any of its material obligations contained herein, and such breach is not cured by the earlier of the Closing Date or thirty (30) days after receipt of the notice of breach from the non-breaching party; or (b) if the Assignment Application is denied by Final Order or designated for hearing; or (c) if there shall be in effect any judgment, final decree or order that would prevent or make unlawful the Closing of this Agreement; or (d) if the Closing has not occurred within twelve (12) months after the date hereof.

(b) Upon a termination of this Agreement by Seller due to a breach by Buyer of any of its material obligations under this Agreement, Seller's sole remedy shall be the following: delivery of the Earnest Money Deposit from the Escrow Agent. Seller and Buyer each acknowledge and agree that these liquidated damages are reasonable in light of the anticipated harm which would be caused by Buyer's breach of any of its material obligations under this Agreement and the difficulty of ascertaining damages and proof of loss and that these damages are not a penalty.

(c) Upon a termination of this Agreement due to a breach by Seller of any of its material obligations under this Agreement, Buyer shall be entitled to the release of the Earnest Money Deposit, and Buyer may seek all rights and remedies that it may have in equity or at law.

(d) Upon a termination of this Agreement for any reason other than as a result of a breach by either party of any of its material obligations under this Agreement, Buyer shall be entitled to the release of the Earnest Money Deposit, and thereafter neither party shall have any further obligation to the other under this Agreement.

12. **Specific Performance.** Seller acknowledges that the Station is a unique asset not readily obtainable on the open market and that, in the event that Seller fails to perform its obligation to consummate the transaction contemplated hereby, money damages alone will not be adequate to compensate Buyer for its injury. Therefore, Seller agrees and acknowledges that in the event of Seller's failure to perform its obligation to consummate the transaction contemplated hereby, Buyer shall be entitled, in addition to any other rights and remedies on account of such failure, to specific performance of the terms of this Agreement and of Seller's obligation to consummate the transaction contemplated hereby. If any action is brought by Buyer to enforce this Agreement, Seller shall waive the defense that there is an adequate remedy at law, and Buyer shall be entitled to receive from Seller all court costs, attorney's fees and other out-of-pocket expenses incurred by Buyer in enforcing its rights under this provision.

13. **Confidentiality.**

(a) Each party shall hold, and shall cause its officers, employees, agents and representatives, including, without limitation, attorneys, accountants, consultants and financial advisors who obtain such information to hold, in confidence, and not use for any purpose other

than evaluating the transactions contemplated by this Agreement, any confidential information of another party obtained through the investigations permitted hereunder, which for the purposes hereof shall not include any information which (i) is or becomes generally available to the public other than as a result of disclosure by the party which alleges the information is confidential or its affiliates, (ii) becomes available to a party on a nonconfidential basis from a source, other than the party which alleges the information is confidential or its affiliates, which has represented that such source is entitled to disclose it, or (iii) was known to a party on a nonconfidential basis prior to its disclosure to such party hereunder. If this Agreement is terminated, each party shall deliver, and cause its officers, employees, agents, and representatives, including, without limitation, attorneys, accountants, consultants and financial advisors who obtain confidential information of another party pursuant to investigations permitted hereunder to deliver to such other party all such confidential information that is written (including copies or extracts thereof), whether such confidential information was obtained before or after the execution.

(b) If a party or a person to whom a party transmits confidential information of another party is requested or becomes legally compelled (by oral questions, interrogatories, requests for information or documents, subpoena, criminal or civil investigative demand or similar process) to disclose any of such confidential information, such party or person will provide the other applicable party with prompt written notice so that such party may seek a protective order or other appropriate remedy or waive compliance with Section 13(a). If such protective order or other remedy is not obtained, or if the applicable party waives compliance with Section 13(a), the party subject to the request will furnish only that portion of such confidential information which is legally required and will exercise its best efforts to obtain reliable assurance that confidential treatment will be accorded such confidential information.

14. **Notices.** All notices, elections and other communications permitted or required under this Agreement shall be in writing and shall be deemed effectively given or delivered upon personal delivery (or refusal thereof), or twenty-four (24) hours after delivery to a courier service which guarantees overnight delivery, or five (5) days after deposit with the U.S. Post Office, by registered or certified mail, postage prepaid, and, in the case of courier or mail delivery, addressed as follows (or at such other address for a party as shall be specified by like notice):

If to Seller, to:

Applied Life Ministries, Inc.
431 Brooks Lane
Hot Springs, AR 71909
Attn: Tim Brooks, President

with a copy (which shall not constitute notice) to:

Ray Owen, Jr., Esq.
Owen, Farnell & Garner, Attorneys at Law
209 Hobson Avenue
Hot Springs, AR 71913
Telecopier: 501.624.3763

If to Buyer, to:

Educational Media Foundation
5700 West Oaks Boulevard
Rocklin, CA 95765
Attn: Richard Jenkins, President

with a copy (which shall not constitute notice) to:

David D. Oxenford, Esq.
Davis Wright Tremaine LLP
1500 K Street, NW, Suite 450
Washington, D.C. 2000
Telecopier: 202.508.6699

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

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

17. **Counterparts.** This Agreement may be executed in several counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument. This Agreement may be executed and exchanged by facsimile transmission, with the same legal effect as if the signatures had appeared in original handwriting on the same physical document.

18. **Expenses.** Except as otherwise set forth in this Section, each party hereto shall be solely responsible for all costs and expenses incurred by it in connection with the negotiation, preparation and performance of and compliance with the terms of this Agreement.

19. **Risk of Loss.** The risk of loss to any of the Assets on or prior to the Closing Date shall be upon Seller. Seller shall use all commercially reasonable efforts to repair or replace any damaged or lost Assets, provided, however, that in the event that the Assets with a value of greater than Twenty Five Thousand Dollars (\$25,000) are damaged or lost on the date otherwise scheduled for Closing, Buyer may, at its option, either (i) postpone Closing for a period of up to sixty (60) days while Seller repairs or replaces such Assets, or (ii) elect to close with the Assets in their current condition, in which case Seller shall assign all proceeds from insurance on such lost or damaged Assets to Buyer, and Buyer shall have the responsibility to repair or replace the Assets. Seller shall have no responsibility to repair or replace damaged or destroyed Assets not covered by insurance if the cost of such repair exceeds Twenty Five Thousand Dollars (\$25,000), provided, however, that should Seller not advise Buyer within five (5) days after being requested to do so that Seller will repair or replace such Assets, Buyer may terminate this Agreement without penalty upon written notice to Seller. Should the Station (i) not operate for a period in excess of seventy-two (72) consecutive hours, or (ii) not operate with full licensed facilities for a period of thirty (30) consecutive days, or if the Station not be operating at no less than 90% of its full authorized power as of the scheduled Closing Date, Buyer may either elect to terminate this Agreement without penalty upon written notice to Seller or postpone the Closing for a period of up to sixty (60) days while Seller attempt to cure the described condition.

20. **Assignment.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. No party may voluntarily or involuntarily assign its interest or delegate its duties under this Agreement without the prior written consent of the other party.

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

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

Seller:

APPLIED LIFE MINISTRIES, INC.

By: 
Tim Brooks, President

Buyer:

EDUCATIONAL MEDIA FOUNDATION

By: _____
Richard Jenkins
President

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


Seller:

APPLIED LIFE MINISTRIES, INC.

By: _____
Tim Brooks, President

Buyer:

EDUCATIONAL MEDIA FOUNDATION

By:  _____
Richard Jenkins
President

SCHEDULE 1

Tangible Personal Property

One Harris Transmitter - HT 3.5 FM

On Orban Optimod - Model 8100A

One FM Modulation and Stereo Monitor - Model 88.4

One Sage EAS ENDEC - Sage Alerting System, Inc.

One 400 Ft. COAX Cable

One Antenna

One Relay Panel - Model RP-8

One THE-1 FM Exciter

SCHEDULE 2

FCC Licenses

**Current FCC Licenses, Authorizations
and Pending Authorizations For**
Main Station KALR(FM), Hot Springs, Arkansas
Facility ID Number 2536
Applied Life Ministries, Inc.

Type of Authorization	Call Sign	FCC File Number	Grant Date	Expiration Date
Broadcast License	KALR(FM)	bled-19920615KA	5/4/1993	6/1/2004
Broadcast Renewal	KALR(FM)	BRED-19960201YN	12/12/1996	6/1/2004

Pending Applications

Application	Call Sign	FCC File Number	Status Date
Broadcast Renewal	KALR(FM)	BRED-20040712AAZ	7/13/2004*
Broadcast Renewal	KALR(FM)	BRED-20070212AAB	2/12/2007

Antenna Structure Registration

Registration Number	Issued Date	Coordinates	Overall Height	Owner
None				

Broadcast Auxiliary Stations

Type of Authorization	Call Sign	Issue Date	Expiration Date
None			

SCHEDULE 3

Real Property

See legal description of tower site owned by Seller, attached

Part of the SW $\frac{1}{4}$ SW $\frac{1}{4}$, Section 23, T-1-N, R-19-W, Garland County, Arkansas, more particularly described as follows:

Commencing at the SW corner of said SW $\frac{1}{4}$ SW $\frac{1}{4}$; thence South $87^{\circ} 38' 49''$ East, a distance of 635.39 feet; thence North $00^{\circ} 03' 10''$ East, a distance of 129.64 feet; thence South $86^{\circ} 17' 12''$ West, a distance of 7.70 feet to the Point of Beginning; thence South $86^{\circ} 17' 12''$ West, a distance of 12.00 feet; thence North $03^{\circ} 42' 48''$ West, a distance of 25.00 feet; thence North $86^{\circ} 17' 12''$ East, a distance of 12.00 feet; thence South $03^{\circ} 42' 48''$ East, a distance of 25.00 feet to the Point of Beginning, containing 0.007 acres, more or less.

SCHEDULE 4

Litigation

None