

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT is entered into as of this 15th day of January, 2013, by and between FAMILY STATIONS, INC. a California not-for-profit corporation (“*Seller*”), and CALIFORNIA LUTHERAN UNIVERSITY, a California not-for-profit educational institution (“*Buyer*”).

PREMISES:

A. Seller is the licensee of and operates radio station KHFR(FM), Santa Maria, California, Facility ID No. 87300 (“*KHFR*”) and FM translator station K209CE, San Luis Obispo, California, Facility ID No. 81483 (“*K209CE*” and together with KHFR, the “*Stations*”), pursuant to licenses issued by the Federal Communications Commission (the “*FCC*”).

B. Seller desires to sell, and Buyer wishes to buy and acquire, certain assets described in this Agreement which are owned or held by Seller and used by Seller in the operation of the Stations for the price and on the terms and conditions hereinafter set forth, subject to the prior approval of the FCC.

AGREEMENTS:

In consideration of the above premises and the covenants and agreements contained herein, Buyer and Seller, intending to be bound legally, agree as follows:

SECTION 1.

SALE AND PURCHASE OF ASSETS

1.1 **Agreement to Sell and Buy.** Subject to the terms and conditions set forth in this Agreement, Seller shall convey and deliver to Buyer at the Closing (as defined in **Section 8.1** of this Agreement), all of Seller’s right, title and interest in and to the following assets:

(a) the licenses, permit, and authorizations issued by the FCC for the operation of the Stations listed on Schedule 3.4 hereto (the “*FCC Licenses*”);

(b) the tangible personal property owned by Seller listed on Schedule 3.5 hereto (the “*Personal Property*”), including any additions thereto or replacements thereof made between the date of this Agreement and the Closing Date in the ordinary course of business and consistent with the past practices of Seller and in accordance with the terms of this Agreement, and less any retirements or dispositions thereof made between the date of this Agreement and the Closing Date in the ordinary course of business and consistent with the past practices of Seller and in accordance with the terms of this Agreement;

(c) the contracts and agreements listed on Schedule 3.6 hereto (collectively, the “*Assumed Contracts*”);

(d) the files and records of Seller relating to the Purchased Assets, as defined below, (but excluding information relating to listener donations and pledges), all applications and

filings with the FCC, technical information and engineering data, all files and records required to be maintained in accordance with the FCC public file rules, and all written Assumed Contracts; and

(e) all remaining rights under any warranties relating to the Personal Property.

The assets to be assigned to Buyer hereunder are hereinafter collectively referred to as the “*Purchased Assets*”. The Purchased Assets shall be delivered without any representation or warranty by Seller except as expressly set forth in **Section 3** of this Agreement and Buyer acknowledges that it has not relied on or been induced to enter into this Agreement by any representation or warranty other than those expressly set forth in **Section 3** hereof. The Purchased Assets shall be conveyed to Buyer free and clear of any claims, mortgages, liens, pledges, conditions, charges or encumbrances of any nature whatsoever (“*Liens*”) other than (i) Liens for taxes and other governmental charges not yet due and payable, (ii) inchoate Liens imposed by law (such as materialman’s, mechanic’s, carrier’s, worker’s and repairman’s Liens) arising in the ordinary course of business, (iii) zoning laws and ordinances and similar Laws that are not violated by any existing improvement or that do not prohibit the use of the Personal Property as currently used in the operation of the Stations, and (iv) in the case of any leased asset, (1) the rights of any lessor under the applicable lease agreement or any Lien authorized by any lessor and (2) the rights of the grantor of any easement or any Lien authorized by such grantor on such easement property (“*Permitted Liens*”).

1.2 Excluded Assets. Buyer acknowledges that the Purchased Assets shall consist only of those assets expressly described in **Section 1.1** and all other assets are excluded. This Agreement conveys no assets other than the Purchased Assets to Buyer. Without limiting the generality of the foregoing, the Purchased Assets shall not include (a) the studios and office facilities of the Stations, all equipment and furniture located therein (except to the extent included in the Personal Property listed on Schedule 3.5), and all contracts relating to thereto (except to the extent included in the rights under warranties as described in **Section 1.1(e)** of this Agreement, and the Leased Real Property listed on Schedule 3.7); (b) the equipment and licenses used by Seller for any other translator facilities or stations; (c) any FCC licenses not listed or specifically included on Schedule 3.4; (d) the call letters “KHFR” and any derivative thereof and any intellectual property rights and interests of Seller relating thereto; (e) the programming, format and other related rights and assets of the Stations; or (f) the Stations’ accounts receivable and donations and any other rights to payment of cash consideration for goods or services provided prior to the Effective Time, as defined in **Section 8.1**.

1.3 Assumption of Liabilities and Obligations. As of the Closing, Buyer shall assume, pay, discharge and perform (i) all obligations and liabilities arising out of Buyer’s ownership or holding of the Purchased Assets and its operation of the Stations on or after the Closing Date, (ii) all obligations and liabilities of Seller under the Assumed Contracts insofar as they relate to the time period on and after the Closing Date; and (iii) all obligations and liabilities of Seller under the FCC Licenses and all other governmental licenses, franchises and authorizations transferred to Buyer insofar as they relate to the time period on or after the Closing Date. All of the foregoing liabilities and obligations assumed by Buyer under this Agreement shall be referred to herein collectively as the “*Assumed Liabilities*”.

1.4 **Retained Liabilities.** Notwithstanding anything to the contrary in this Agreement, Buyer does not assume or agree to pay, satisfy, discharge or perform any liabilities, obligations or commitments of Seller of any nature whatsoever other than the Assumed Liabilities. All other obligations and liabilities shall remain and be the obligations and liabilities solely of Seller, including but not limited to (i) wages, salaries, accrued but unused vacation, and payroll taxes related to employees of the Stations; (ii) all liabilities and obligations under any contract or agreement not included in the Assumed Contracts; (iii) liabilities and obligations under the Assumed Contracts and FCC Licenses and all other governmental licenses and authorizations arising prior to or relating to the time period prior to the Closing Date; (iv) any claims or pending or future litigation or proceedings relating to the operation of the Stations prior to the Closing Date; and (v) all other liabilities and obligations arising from Seller's operation of the Stations prior to the Closing Date. All such liabilities, obligations and commitments of Seller described in this **Section 1.4** shall be referred to herein collectively as the "*Retained Liabilities*."

SECTION 2.

PURCHASE PRICE AND TERMS

2.1 **Purchase Price.** As consideration for the assignment and transfer of the Purchased Assets, Buyer shall pay the sum of \$475,000 (the "*Purchase Price*"), as the same may be adjusted pursuant to **Section 2.3** hereof.

2.2 Escrow Deposit; Payment of Purchase Price.

(a) Upon execution and delivery of this Agreement by Buyer and Seller, Buyer shall pay, by wire transfer of immediately available funds, \$47,500 (the "*Escrow Deposit*") to BNY Mellon Bank ("*Escrow Agent*") to be held pursuant to the terms and conditions of an escrow agreement of even date herewith by and among Buyer, Seller and Escrow Agent (the "*Escrow Agreement*"). At the Closing, Buyer and Seller shall jointly instruct Escrow Agent to pay the Escrow Deposit by wire transfer of immediately available Federal funds to be delivered to Seller, and any interest accumulated thereon, to Buyer. If this Agreement is terminated prior to Closing, the Escrow Deposit shall be distributed as set forth in **Section 9.2**.

(b) At the Closing, Buyer shall pay \$427,500, adjusted pursuant to **Section 2.3** (if at all), by wire transfer of immediately available Federal funds to the account(s) designated in the Payment Schedule.

2.3 **Proration of Income and Expenses.** Except as otherwise provided herein, all deposits, reserves and prepaid and deferred income and expenses relating to the Purchased Assets or the Assumed Liabilities and arising from the conduct of the business and operations of the Stations shall be prorated between Buyer and Seller in accordance with generally accepted accounting principles, consistently applied, as of the Effective Time. Such proration shall include, without limitation, all ad valorem, real estate and other property taxes (but excluding taxes arising by reason of the transfer of the Purchased Assets as contemplated hereby which shall be paid as set forth in **Section 6.2**), business and license fees, music and other license fees, utility expenses, rents, lease payments and similar prepaid and deferred items. The prorations and adjustments shall be made on the Closing Date to the extent practicable, with a final adjustment and proration to be made no later than ninety (90) days after the Closing Date.

SECTION 3.

REPRESENTATIONS AND WARRANTIES OF SELLER

As an inducement to Buyer to enter into this Agreement, Seller makes the following representations and warranties to Buyer, each of which is true and correct on the date hereof and will be true and correct on the Closing Date, and shall survive the Closing for the period set forth herein:

3.1 Organization, Standing and Authority. Seller is a not-for-profit corporation validly existing and in good standing under the laws of the State of California. Seller has all requisite power and authority (i) to own, lease, and use the Purchased Assets as presently owned, leased, and used, (ii) to conduct the business or operations of the Stations as presently conducted, (iii) to execute and deliver this Agreement, related agreements and documents contemplated hereby, and (iv) to perform and comply with all of the terms, covenants and conditions to be performed and complied with by Seller hereunder and thereunder.

3.2 Authorization and Binding Obligation. The execution, delivery, and performance of this Agreement and all related agreements by Seller have been duly authorized by all necessary corporate action. This Agreement and all related agreements have been duly executed and delivered by Seller and constitute the legal, valid, and binding obligations of Seller, enforceable against it in accordance with their terms.

3.3 Absence of Conflicting Agreements and Required Consents. Subject to obtaining the FCC Consent as provided herein and other third party consents that may be required to assign any of the Assumed Contracts, the execution, delivery, and performance of this Agreement, related agreements and documents contemplated hereby (with or without the giving of notice, the lapse of time, or both) (i) do not conflict with any provision of the organizing documents of Seller; (ii) do not conflict with, result in a breach of, or constitute a default under, any applicable law, judgment, order, rule or regulation of any court or governmental unit to which Seller is a party or by which Seller is bound; (iii) do not require any consent or other action by or notification to any Person under, and does not conflict with, constitute grounds for termination of, result in a breach of or constitute a default under, any agreement, instrument, license or permit to which Seller is a party or by which Seller may be bound; and (iv) do not create any claim, liability, mortgage, lien, pledge, condition, charge, or encumbrance of any nature whatsoever upon the Purchased Assets.

3.4 Governmental Licenses. Schedule 3.4 is a true and complete list of all current FCC Licenses and other governmental licenses, permits, approvals and authorizations issued by any governmental entity to be transferred to Buyer hereunder. Seller is the authorized legal holder of such licenses which are in full force and effect for the remainder of their terms as described on Schedule 3.4, and are unimpaired by any act of Seller. None of such licenses is subject to any restriction or condition which would limit the operation of the Stations as presently operated. The Stations are operating in compliance in all material respects with all terms and conditions of the FCC Licenses, the rules and regulations of the FCC, and all other governmental entities with jurisdiction over the operations of the Stations. Except as set forth on Schedule 3.4, there are no applications, complaints, petitions or proceedings pending or, to Seller's knowledge, threatened before the FCC or any other governmental or regulatory authority

relating to the business or operations of the Stations. To Seller's knowledge, all material reports, forms, applications and statements required to be filed by Seller with the FCC with respect to the Stations since the date Seller has operated the Stations have been timely filed and are complete and accurate in all material respects. The operations of the Stations and the Purchased Assets are in compliance in all material respects with all applicable engineering standards required to be met under applicable FCC rules, and all other applicable federal, state and local rules, regulations, requirements and policies. The tower facilities utilized by the Stations for its transmission facilities are covered by appropriate Antenna Structure Registrations and local permits as required by applicable law and government regulation.

3.5 Title to and Condition of Purchased Assets. Schedule 3.5 is a true and complete list of Personal Property to be transferred to Buyer hereunder. Seller has good and transferable title to each of the Purchased Assets that shall be transferred to Buyer pursuant to this Agreement. Except as set forth on Schedule 3.5, none of the Purchased Assets is subject to any Liens other than Permitted Liens. The Personal Property is available for immediate use in the business or operations of the Stations and such Personal Property as is currently in actual use in the operations of the Stations has been maintained by Seller in good operating condition and repair (ordinary wear and tear excepted), and, except as set forth on Schedule 3.5, will permit the Stations to operate in all material respects as it is now being operated. All material items of transmitting equipment included in the Personal Property have been maintained in a manner consistent with generally accepted standards of good engineering practice, and will permit the Stations to operate in all material respects in compliance with the terms of the FCC Licenses and the rules and regulations of the FCC.

3.6 Assumed Contracts. Schedule 3.6 lists and describes all of the Assumed Contracts. All Assumed Contracts are in full force and effect, and are valid, binding and enforceable in accordance with their terms. There is not any default by any party thereto or event which, after notice or lapse of time, or both, would constitute such a default such that either party would have the right to terminate such Assumed Contract. Seller is not aware of any intention by any party to any Assumed Contract (i) to terminate such contract or amend the terms thereof, (ii) to refuse to renew the same upon expiration of its term, or (iii) to renew the same upon expiration only on terms and conditions which are more onerous than those pertaining to such existing contract, where any of the foregoing would be materially adverse to Seller. Except for any third party consents that may be required, Seller has full legal power and authority to assign its rights under the Assumed Contracts to Buyer in accordance with this Agreement, and such assignment will not affect the validity, enforceability and continuation of any of the Assumed Contracts.

3.7 Leased Real Property. Schedule 3.7 contains a complete and accurate description of all real property leased, licensed or otherwise occupied by Seller (the "*Leased Real Property*") that is used in the operation of the Stations and to be assigned and transferred to Buyer pursuant to this Agreement. Seller has provided to Buyer true and complete copies of the leases, licenses and other occupancy agreements relating to the Leased Real Property and all amendments and modifications thereto (collectively, the "*Leases*"). Without limiting the foregoing, Schedule 3.7 contains a complete and accurate description of any agreements and payments made in connection with Seller's ability to access the transmitter sites for the Stations.

3.8 **Insurance.** All of the tangible Personal Property is insured against loss or damage in amounts consistent with the past practices of Seller, and such insurance will be maintained in effect by Seller until the Closing Date. Seller shall maintain in effect until the Closing Date, general public liability insurance in amounts consistent with the past practices of Seller.

3.9 **Claims, Legal Actions.** Except for proceedings of a general nature that may affect the broadcast industry, there is no claim, legal action, arbitration, governmental investigation, application or rule making proceeding, in progress, pending, or, to Seller's knowledge, threatened, against or relating to the Purchased Assets, or the business or operations of the Stations, or that in any manner challenges or seeks to prevent, enjoin, alter or delay materially the transactions contemplated by this Agreement.

3.10 **Taxes.** Seller has, with respect to the Station's business, filed when due or with appropriate extensions all Federal, state, county and local income, excise, property, sales, use, franchise and other tax returns which are required to have been filed by it under applicable law, and has paid all taxes which have become due pursuant to such returns or pursuant to any assessments which have become payable.

SECTION 4. **REPRESENTATIONS AND WARRANTIES OF BUYER**

As an inducement to Seller to enter into this Agreement, Buyer makes the following representations and warranties to Seller, each of which is true and correct on the date hereof and will be true and correct on the Closing Date, and shall survive the Closing for the period set forth herein:

4.1 **Existence and Power.** Buyer is an educational institution duly organized, validly existing and in good standing under the laws of the State of California with all requisite corporate power under its articles of incorporation and by-laws to enter into and perform this Agreement and the transactions contemplated hereby and to carry on its business as now conducted and as intended to be conducted after the Closing, including its ownership of the Purchased Assets and operation of the Stations.

4.2 **Eligibility of Buyer.** Buyer is legally, financially and technically qualified to be the assignee of the FCC licenses and the owner and operator of the Stations under the Communications Act of 1934, as amended (the "*Communications Act*"), and the rules, regulations and policies of the FCC without the need to request or obtain a waiver of or exception to any FCC rule, regulation or policy. Buyer has, and as of the Closing Date will have, sufficient cash, available lines of credit or other sources of immediately available funds to enable it to make payment of the Purchase Price and any other amounts to be paid by it in accordance with the terms of this Agreement.

4.3 **Authorization and Binding Obligation.** This Agreement has been duly executed by Buyer and is a legal, valid, and binding obligation of Buyer, enforceable against Buyer in accordance with its terms. The execution, delivery, and performance of this Agreement, and all

related agreements and documents contemplated hereby by Buyer have been duly authorized by all necessary corporate actions.

4.4 Absence of Conflicting Agreements. Subject to obtaining the FCC Consent as provided herein and any required third party consents to the Assumed Contracts, the execution, delivery, and performance of this Agreement, and all related agreements and documents contemplated hereby by Buyer (with or without the giving of notice, the lapse of time, or both) (i) do not require the consent of any third party; (ii) will not conflict with, result in a breach of, or constitute a default under, any applicable law, judgment, order, rule or regulation of any court or governmental instrumentality; and (iii) will not conflict with, constitute grounds for termination of, result in a breach of, constitute a default under, or accelerate or permit the acceleration of any performance required by the terms of, any agreement, instrument, license, or permit to which Buyer is a party or by which Buyer may be bound, such that Buyer could not acquire the Purchased Assets and be the licensee of the Stations.

4.5 Litigation. There is no outstanding judgment, award, decree, writ or litigation, action, suit, investigation or other proceeding pending or, to Buyer's knowledge, threatened, which would have a material adverse effect on Buyer's ability to perform in accordance with the terms of this Agreement and Buyer has no knowledge of any facts that would result in the initiation of any such proceeding.

SECTION 5.

COVENANTS OF SELLER AND BUYER

5.1 Pre-Closing Covenants of Seller. Except as expressly authorized by this Agreement or with the prior written consent of Buyer which consent shall not be unreasonably withheld, between the date hereof and the Closing Date, Seller shall:

- (a) operate the Stations consistent with its representations and warranties set forth in this Agreement;
- (b) operate the Stations in compliance in all material respects with the FCC Licenses and the rules and regulations of the FCC, and with all other laws, regulations, rules and orders applicable to the Stations and the Purchased Assets;
- (c) not sell, convey or encumber any of the Purchased Assets except for the retirement of items of Personal Property in the ordinary course of business, provided that such items are replaced by items of like kind consistent with Seller's past practices, as permitted under **Section 1.1(b)** hereof;
- (d) maintain, repair and replace the Personal Property consistent with Seller's existing practices and operations;
- (e) permit Buyer and its representatives and agents reasonable access to the Stations and the Purchased Assets, provided that such access does not disrupt the normal operation of the Stations;

(f) promptly notify Buyer in the event there is any material damage to the Purchased Assets or interruption to the normal broadcast operations of the Stations in excess of twelve (12) hours at any one time;

(g) not enter into any new agreements that would be binding on Seller or Buyer as assignee of the Purchased Assets after the Closing without the written consent of Buyer, which consent shall not be unreasonably withheld;

(h) not create or assume any Liens affecting any of the Purchased Assets, other than Permitted Liens;

(i) use its commercially reasonable efforts to obtain any third party consents necessary for the assignment of any Assumed Contract; and

(j) not terminate, amend or modify any of the Assumed Contracts or the Leases without the consent of Buyer.

5.2 Pre-Closing Covenants of Buyer. Except as expressly authorized by this Agreement or with the prior written consent of Seller, which consent shall not be unreasonably withheld, between the date hereof and the Closing Date, Buyer shall:

(a) take no action that would impair its qualifications to be the licensee of the Stations or materially delay obtaining the FCC Consent, take any action that could result in its disqualification under the rules of the FCC to be the licensee of the Stations or that would require it to obtain a waiver of the FCC rules, regulations or policies in order to be the licensee of Stations; and

(b) cooperate with Seller and use its commercially reasonable efforts to obtain any third party consents necessary for the assignment of any Assumed Contract.

5.3 Post-Closing Covenants. After the Closing, Seller and Buyer will take such actions, and execute and deliver to Buyer or Seller, respectively, such further bills of sale, assignments or other transfer or assumption documents as may be necessary to ensure the full and effective transfer of title to the Purchased Assets to Buyer or the assumption of the Assumed Liabilities by Buyer pursuant to this Agreement.

SECTION 6.

SPECIAL COVENANTS AND AGREEMENTS

6.1 FCC Consent. The assignment of the FCC Licenses as contemplated by this Agreement is subject to the prior consent and approval of the FCC (the "*FCC Consent*"). Within ten (10) business days after the date of this Agreement, Buyer and Seller shall file with the FCC an appropriate application for the FCC Consent (the "*FCC Application*"). The parties shall prosecute the FCC Application with all reasonable diligence and use their commercially reasonable efforts to obtain the grant of the FCC Application expeditiously. The assignment of the Purchased Assets hereunder is expressly conditioned upon the grant of the FCC Consent without the imposition of any condition that is materially adverse to Buyer or Seller, and compliance by the parties with any other conditions imposed by the FCC Consent.

6.2 Taxes, Fees and Expenses. Each party shall be solely responsible for all expenses incurred by it in the negotiation and closing of this Agreement. Seller and Buyer hereby waive compliance with the provisions of any applicable bulk sales law and no representation, warranty or covenant contained in this Agreement shall be deemed to have been breached as a result of such non-compliance. Seller and Buyer shall each be responsible for and pay one-half of all sales, use, transfer and purchase taxes and fees, if any, arising out of the transfer of the Purchased Assets pursuant to this Agreement. The party with the primary responsibility under applicable law for the payment of any particular transfer tax shall prepare and file the relevant tax return and notify the other party in writing of the transfer taxes shown on such tax return. Such other party shall pay an amount equal to one-half of the amount of such transfer taxes shown on such tax return in immediately available funds no later than the date that is the later of (a) five business days after the date of such notice or (b) two business days prior to the due date for such transfer taxes. Buyer and Seller shall each pay one-half of any filing and other fees payable in connection with the filing and grant of the FCC Application.

6.3 Risk of Loss.

(a) The risk of any loss, damage or impairment, confiscation or condemnation (a “Loss”) of any of the Purchased Assets from any cause whatsoever shall be borne by Seller at all times prior to the Closing. In the event of any such Loss, the proceeds of any claim for Loss payable under any insurance policy, judgment or award with respect thereto shall be applied to repair, replace or restore such Purchased Assets to their prior condition as soon as possible after such Loss. The risk of any Loss of any of the Purchased Assets from any cause whatsoever shall be borne by Buyer at all times after the Closing.

(b) In the event of any damage or destruction of the Purchased Assets which prevents signal transmission by the Stations in the normal and usual manner and Seller cannot restore or replace the Purchased Assets so that such conditions are cured and normal and usual transmission is resumed before the date otherwise scheduled for Closing, the Closing shall be postponed for a period of up to ninety (90) days to allow Seller to complete the restoration and replacement of such damaged Purchased Assets prior to Closing. In the event that Seller is unable to complete such restoration and replacement during the 90-day period, Buyer may, at its option, either (i) proceed to close this Agreement and complete the restoration and replacement of such damaged Purchased Assets after the Closing, in which event Seller’s only obligation to Buyer shall be to deliver to Buyer an amount commensurate with all insurance proceeds received relating to the Purchased Assets and arising from the event causing such damage or destruction; or (ii) terminate this Agreement in writing.

6.4 Broker’s Commission. Each of Seller and Buyer represent that it has not engaged any third party to act as a finder, broker, agent, consultant or in a similar capacity in connection with this Agreement and the transactions contemplated hereby, except for Media Venture Partners (“MVP”), which has provided services on behalf of Seller. Seller shall be solely responsible for any fee due to MVP in connection with this Agreement and the transactions contemplated hereby. Except as set forth above, each of Seller and Buyer agree to indemnify and hold harmless the other with respect to any claim for a finder’s, consultant’s, broker’s or similar commission or fee made by any third party on the basis of the conduct of Seller or Buyer.

6.5 Commercially Reasonable Efforts to Close; Notification.

(a) Upon the terms and subject to the conditions contained herein, each of the parties hereto shall use commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement as expeditiously as practicable and to ensure that the conditions set forth in **Section 7** are satisfied.

(b) Each party shall notify the other party of the initiation or threatened initiation of any litigation, arbitration or administrative proceeding that challenges the transactions contemplated hereby, including any challenges to the FCC Application.

6.6 Confidentiality. Seller and Buyer acknowledge and agree that no news release or other public announcement pertaining to the transactions contemplated by this Agreement or the existence of this Agreement will be made by or on behalf of any party hereto prior to the filing of the FCC Application. Subsequent to the filing of the FCC Application, no news release or other public announcement pertaining to the transactions contemplated by this Agreement will be made by or on behalf of any party hereto without the prior written approval of the other party (such consent not to be unreasonably withheld or delayed).

6.7 KHFR Call Sign. Prior to Closing, Seller shall file a request with the FCC to change KHFR's call sign, effective upon the Closing, to a call sign designated by Buyer no later than 15 days after the date the FCC Application is filed.

6.8 Facilities Change Application. Seller agrees that it will cooperate with Buyer in assisting with the filing, contemporaneously with the filing of the FCC Application, of (a) an application for construction permit to modify the facilities of KHFR (the "*Facilities Change Application*"), including providing any necessary consent, and (b) a request for waiver of the Commission's main studio rules (the "*Main Studio Waiver Request*"), contingent in both cases upon the consummation of the assignment of the FCC Licenses from Seller to Buyer. The Facilities Change Application and the Main Studio Waiver Request will be prepared by Buyer, and any FCC filing fees and associated attorneys or engineering costs will be Buyer's expense.

SECTION 7.
CONDITIONS TO OBLIGATIONS OF BUYER AND SELLER

7.1 Conditions to Obligations of Buyer to Close. All obligations of Buyer at the Closing hereunder are subject to the fulfillment prior to and at the Closing of each of the following conditions, any of which may be waived by Buyer in writing at or prior to the Closing:

(a) **Representations and Warranties.** The representations and warranties of Seller shall be true and complete in all material respects as of the date of this Agreement and at and as of the Closing Date as though such representations and warranties were made at and as of such time.

(b) **Covenants and Conditions.** Seller shall have in all material respects performed and complied with the covenants, agreements, and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date.

(c) **Licenses.** Seller shall be the holder of the FCC Licenses and there shall not have been any modification of any of such licenses which has a material adverse effect on the Stations.

(d) **FCC Consent.** The FCC Consent shall have been obtained and shall be in full force and effect, and such FCC Consent shall have become a Final Order. “*Final Order*” means an action by the FCC (i) that has not been vacated, reversed, stayed, enjoined, set aside, annulled or suspended, (ii) with respect to which no request for stay, motion or petition for rehearing, reconsideration or review, or application or request for review or notice of appeal or *sua sponte* review by the FCC is pending, and (iii) as to which the time for filing any such request, motion, petition, application, appeal or notice, and for the entry of orders staying, reconsidering or reviewing on the FCC’s own motion has expired.

(e) **Adverse Proceedings.** No action, suit, claim or governmental proceeding shall be pending against, and no order, decree or judgment of any court, agency or other governmental authority shall have been rendered against, Seller or Buyer which: (i) renders it unlawful, as of the Closing Date, to close the transactions contemplated by this Agreement in accordance with its terms; (ii) declares invalid or illegal the transactions contemplated hereby; (iii) enjoins the closing of the transactions contemplated hereby; (iv) awards material damages on account of the consummation of any transaction contemplated hereby; or (v) is a petition of bankruptcy by or against Seller, an assignment by Seller for the benefit of its creditors, or other similar proceeding.

(f) **Deliveries.** Seller shall have made or be willing and able to make all the deliveries to Buyer set forth in **Section 8.2**.

(g) **Third Party Documents.** Buyer shall have obtained estoppel certificates and any necessary consents to assignment from the landlords under the Leases. All Assumed Contracts shall be in full force and effect on the Closing Date.

(h) **Facilities Change Application and Main Studio Waiver Request.** The Facilities Change Application and the Main Studio Waiver Request shall have been granted by the FCC.

7.2 Conditions to Obligations of Seller to Close. All obligations of Seller at the Closing hereunder are subject to the fulfillment prior to and at the Closing of each of the following conditions, any of which may be waived by Seller in writing at or prior to the Closing:

(a) **Representations and Warranties.** The representations and warranties of Buyer shall be true and complete in all material respects as of the date of this Agreement and at and as of the Closing Date as though such representations and warranties were made at and as of such time.

(b) **Covenants and Conditions.** Buyer shall have in all material respects performed and complied with the covenants, agreements, and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date.

(c) **FCC Consent.** The FCC Consent has been obtained and shall be in full force and effect.

(d) **Adverse Proceedings.** No action, suit, claim or governmental proceeding shall be pending against, and no order, decree or judgment of any court, agency or other governmental authority shall have been rendered against, any party hereto which: (i) renders it unlawful, as of the Closing Date, to effect the transactions contemplated by this Agreement in accordance with its terms; (ii) declares invalid or illegal the transactions contemplated hereby; (iii) enjoins the transactions contemplated hereby; (iv) awards material damages on account of the consummation of any transaction contemplated hereby; or (v) is a petition of bankruptcy by or against Buyer, an assignment by Buyer for the benefit of its creditors, or other similar proceeding.

(e) **Deliveries.** Buyer shall have made or be willing and able to make all the deliveries set forth in **Section 8.3**.

SECTION 8.

CLOSING AND CLOSING DELIVERIES

8.1 **Closing.** Subject to **Section 9.1**, this Agreement shall be consummated by Buyer and Seller (“*Closing*”) at a mutually agreeable location no later than the fifth (5th) business day following the date upon which the FCC Consent is a Final Order (the “*Closing Date*”), provided that each of the other conditions to Closing set forth in Section 7 has been satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of those conditions at such time). Alternatively, the Closing may take place at such other time or date as the parties may mutually agree in writing. The effective time of the Closing shall be 12:01 a.m., local Station time, on the Closing Date (the “*Effective Time*”).

8.2 **Deliveries by Seller.** Prior to or on the Closing Date (except as otherwise set forth herein), Seller shall deliver to Buyer the following:

(a) **Transfer Documents.**

- (i) a duly executed Bill of Sale, in the form of Exhibit A-1;
- (ii) a duly executed Assignment for the FCC Licenses, in the form of Exhibit A-2;
- (iii) a duly executed Assignment and Assumption Agreement, in the form of Exhibit A-3;

(b) **Officer’s Certificate.** A certificate, dated as of the Closing Date and executed by a duly authorized officer of Seller, certifying (i) that the representations and warranties of Seller are true and complete in all material respects as of the date of this

Agreement and as of the Closing Date as though made on and as of that date, and (ii) that Seller has, in all material respects, performed its obligations and complied with its covenants set forth in this Agreement to be performed and complied with prior to or on the Closing Date; and

(c) **Corporate Resolutions.** Certified resolutions of the board of directors of Seller approving the execution, delivery and performance of this Agreement, and all related agreements and documents, and the delivery of the closing documents provided for hereunder.

(d) **Lien Documentation.** Documentation sufficient to demonstrate that the Purchased Assets are free and clear of all Liens of any nature whatsoever other than the Permitted Liens.

(e) **State Certificate.** A good standing certificate for Seller, issued by the Secretary of State of the State of California.

8.3 **Deliveries by Buyer.** Prior to or on the Closing Date, Buyer shall deliver to Seller the following:

(a) **Purchase Price.** The Purchase Price for the Purchased Assets delivered in accordance with **Section 2.2** of this Agreement;

(b) **Assumption Agreement.** A duly executed Assignment and Assumption Agreement;

(c) **Officer's Certificate.** A certificate, dated as of the Closing Date and executed by a duly authorized officer of Buyer, certifying (i) that the representations and warranties of Buyer are true and complete in all material respects as of the date of this Agreement and as of the Closing Date as though made on and as of that date, and (ii) that Buyer has, in all material respects, performed its obligations and complied with its covenants set forth in this Agreement to be performed or complied with on or prior to the Closing Date; and

(d) **Corporate Resolutions.** Certified resolutions of the Board of Regents of Buyer approving the execution of this Agreement, and all related agreements and documents, and the delivery of the closing documents provided for hereunder.

(e) **State Certificate.** A good standing certificate for Buyer, issued by the Secretary of State of the State of California.

SECTION 9.

RIGHTS OF BUYER AND SELLER ON TERMINATION OR BREACH

9.1 **Termination Rights.** This Agreement may be terminated by either Buyer or Seller (as applicable) by written notice to the other party upon the occurrence of any of the following events or conditions, provided that, the terminating party is not then in breach of any material provision of this Agreement:

- (a) if there shall be in effect any law or judgment, decree or order (which is final and non-appealable) that would prevent or make unlawful the Closing of this Agreement;
- (b) if the FCC Application shall be set for hearing by the FCC for any reason;
- (c) if the Closing has not occurred within a period of Three Hundred Sixty-Five (365) days from the date of this Agreement;
- (d) by Buyer, pursuant to **Section 6.3** (Risk of Loss) above;
- (e) by Buyer, if Seller is in material breach or default of any representation, warranty, covenant or other obligation hereunder and fails to cure such material breach or default within thirty (30) days of receipt of written notice from Buyer of the substance of Seller's material breach, or if Seller does not perform in all material respects the obligations to be performed by it under this Agreement on the Closing Date such that the conditions set forth in **Section 5.2** would not be satisfied on the Closing Date and such breach or default has not been waived by Buyer; or
- (f) by Seller, if Buyer is in material breach or default of any representation, warranty, covenant or other obligation hereunder and fails to cure such material breach or default within thirty (30) days of receipt of written notice from Seller of the substance of Buyer's material breach, or if Buyer does not perform in all material respects the obligations to be performed by it under this Agreement on the Closing Date such that the conditions set forth in **Section 5.1** would not be satisfied on the Closing Date and such breach or default has not been waived by Seller, provided that Buyer shall be in immediate material breach without notice from Seller if it fails to deliver the entire Purchase Price on the scheduled Closing Date.

9.2 **Effects of Termination; Liquidated Damages and Specific Performance.**

- (a) If this Agreement is terminated and neither party hereto is in breach of any material provision of this Agreement, within five (5) business days of the termination (1) the Escrow Deposit shall be fully refunded to the Buyer, and (2) Buyer and Seller shall cooperate to withdraw or dismiss the FCC Application, if pending, or notify the FCC of non-consummation. Buyer and Seller thereafter shall not have any further liability to each other.
- (b) If this Agreement is terminated by Seller pursuant to **Section 9.1(f)**, Seller shall be entitled to the Escrow Deposit as liquidated damages in full and complete compensation for any damages to Seller as a result of such termination and Buyer's breach or default of this Agreement. Seller agrees that its right to receive the Escrow Deposit in the foregoing circumstances is the exclusive remedy available to Seller for failure of the transactions contemplated by this Agreement to be consummated in those circumstances, and Buyer shall have no further liability to Seller with respect to this Agreement or the transactions contemplated hereby whatsoever.
- (c) If Seller is in default or in breach of any material provision of this Agreement, Buyer shall be entitled, at its option, to seek specific performance to compel Seller to close on the sale of the Purchased Assets to Buyer pursuant to the terms and conditions of this Agreement or to seek damages. In the event Buyer elects specific performance as a remedy,

Seller agrees that specific performance is an appropriate remedy due to the unique nature of the Purchased Assets and the business made possible thereby, and agrees that it will not contest any such action on the ground that an adequate remedy at law exists.

(d) If any party files a lawsuit or other formal legal action to enforce its rights hereunder, the prevailing party shall be reimbursed by the other party for all reasonable expenses incurred thereby, including reasonable attorneys' fees.

SECTION 10. **INDEMNIFICATION**

10.1 Buyer's Right to Indemnification. Seller shall indemnify and hold harmless Buyer, its affiliates, shareholders, regents, officers, employees, agents, successors and assigns ("*Buyer Indemnified Parties*") from and against and in respect of, and to reimburse them for, any and all losses, costs, liabilities, claims, obligations and expenses, including reasonable attorneys' fees and expenses (together, "*Claims*"), incurred, or suffered by, the Buyer Indemnified Parties arising out of or resulting from:

(a) the operation of the Stations or ownership of the Purchased Assets by Seller before the Closing Date;

(b) any breach, misrepresentation, or other violation of or failure to perform any of Seller's covenants, warranties, representations, or obligations contained in this Agreement or any certificate delivered pursuant hereto; and

(c) all Retained Liabilities with respect to the Purchased Assets on or after the Closing Date, and any liabilities relating to the Excluded Assets.

10.2 Seller's Right to Indemnification. Buyer shall indemnify and hold harmless Seller, its affiliates, shareholders, directors, officers, employees, agents, successors and assigns ("*Seller Indemnified Parties*") from and against and in respect of, and to reimburse them for, any and all Claims incurred, or suffered by the Seller Indemnified Parties arising from:

(a) the operation of the Stations or ownership of the Purchased Assets by Buyer on or after the Closing Date;

(b) a breach, misrepresentation, or other violation of or failure to perform any of Buyer's covenants, warranties or representations contained in this Agreement or any certificate delivered pursuant hereto; and

(c) all Assumed Liabilities with respect to the Purchased Assets on or after the Closing Date.

10.3 Conduct of Indemnification Proceedings.

(a) If any third party claim, action, suit or proceeding covered by the foregoing agreements to indemnify and hold harmless shall arise (an "*Indemnification Proceeding*"), the party who seeks indemnification (the "*Indemnified Party*") shall give written

notice thereof to the other party (the “*Indemnitor*”) promptly after the Indemnified Party learns of the existence of such Indemnification Proceeding; provided, that the Indemnified Party’s failure to give the Indemnitor such notice shall not bar the Indemnified Party’s right to indemnification except to the extent such failure has prejudiced the Indemnitor’s ability to defend the Indemnification Proceeding. The Indemnitor shall have the right to employ counsel of its own choosing to defend against any such Indemnification Proceeding, or to compromise, settle or otherwise dispose of the same, if the Indemnitor deems it advisable to do so, all at the expense of the Indemnitor; provided that the Indemnitor shall not have the right to control the defense of any such Indemnification Proceeding unless it has acknowledged in writing its obligation to indemnify the Indemnified Party fully from all liabilities incurred as a result of such Indemnification Proceeding; provided further that the Indemnitor shall not settle, or consent to entry of any judgment in any Indemnification Proceeding without obtaining a release of the Indemnified Party from all liability in respect of the Claims underlying such Indemnification Proceeding; and provided further, the Indemnified Party may participate in the proceeding at its cost. If the Indemnitor fails to acknowledge in writing its obligation to defend against or settle such Proceeding within thirty (30) days after receiving notice thereof from the Indemnified Party (or such shorter time specified in the notice as the circumstances of the matter may dictate), the Indemnified Party shall be free to dispose of the matter, at the expense of the Indemnitor, in any way in which the Indemnified Party deems to be in its best interest; provided, that the Indemnified Party shall not settle any such matter without giving the Indemnitor at least ten (10) business days’ prior notice thereof and allow the Indemnitor to assume or resume, as the case may be, the defense of the matter.

(b) **Other Indemnification Claims.** If an Indemnified Party believes it is entitled to indemnification under this Section that does not involve a third party claim, the Indemnified Party shall provide the Indemnitor with prompt notice thereof which explains the basis for the Claim and supporting documentation or other material in its possession. The Indemnitor shall have thirty (30) days to respond to the Indemnified Party. If the Indemnitor does not respond within such 30-day period, it will be deemed to have accepted the Claim. If the Indemnitor disputes the Claim, the parties shall engage in reasonable good faith negotiation to resolve the dispute.

10.4 Survival of Representations, Warranties and Covenants. The representations and warranties of the parties contained herein shall survive the Closing for a period of nine (9) months (the “*Survival Period*”) at which time the same shall expire; provided that the representations and warranties set forth in **Sections 3.1, 3.2, 3.5, 4.1, and 4.3** shall survive indefinitely. None of the covenants and agreements shall survive the Closing except to the extent such covenants and agreements contemplate performance after the Closing, in which case, such covenants and agreements shall survive until performed. No claim may be brought under this Agreement unless written notice describing in reasonable detail the nature and basis of such claim is given on or prior to the last day of the applicable survival period. In the event such notice is given, the right to indemnification with respect thereto shall survive the applicable survival period until such claim is finally resolved and any obligations thereto are fully satisfied.

(a) **Limitations.** After the Closing, the right to indemnification under this **Section 10** shall be the exclusive remedy of any party in connection with any breach or default by another party under this Agreement. The parties shall have no liability for indemnification

under **Section 10.1(b)** and **10.2(b)** above unless, and only to the extent that, the aggregate amount of claims asserted by Buyer or Seller pursuant to **Section 10.1(b)** or **10.2(b)** above exceeds \$1,000 (the “Indemnification Threshold”). The maximum liability of either party for Claims hereunder shall be an amount equal to \$475,000, which amount shall include the Indemnification Threshold. In no event shall either party be entitled to recover or make a claim for any amounts, whether under this **Section 10** or otherwise, in respect of its consequential, incidental or indirect damages, lost profits or punitive or exemplary damages, and, in particular, no “multiples of profits” or “multiple of cash flow” or similar valuation methodology shall be used in calculating the amount of any Losses (except, in each case, to the extent that a party is liable to any third party for such damages).

SECTION 11. **MISCELLANEOUS**

11.1 Governing Law. This Agreement shall be governed, construed, and enforced in accordance with the laws of the State of California, but without regard to the choice of law provisions thereof, and any action or proceeding arising out of this Agreement shall be brought and maintained in California, without any regard to any conflict of law provisions. Buyer and Seller consent to the jurisdiction of courts located in the State of California. **BUYER AND SELLER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING IN ANY WAY TO THIS AGREEMENT, INCLUDING ANY COUNTERCLAIM MADE IN SUCH ACTION OR PROCEEDING, AND AGREE THAT ANY SUCH ACTION OR PROCEEDING SHALL BE DECIDED SOLELY BY A JUDGE.**

11.2 Headings. The headings herein are included for ease of reference only and shall not control or affect the meaning or construction of the provisions of this Agreement.

11.3 Entire Agreement. This Agreement, all Schedules and Exhibits hereto, and all documents and certificates to be delivered by the parties pursuant hereto collectively represent the entire understanding and agreement between Buyer and Seller with respect to the subject matter hereof. All Schedules and Exhibits referenced in and attached to this Agreement and all documents referenced in the Agreement as previously delivered to either party shall be deemed part of this Agreement and incorporated herein, where applicable, as if fully set forth herein. This Agreement supersedes all prior negotiations, agreements and understandings between Buyer and Seller. This Agreement cannot be waived, amended, supplemented or modified except by an agreement in writing which makes specific reference to this Agreement or an agreement delivered pursuant hereto, as the case may be, and which is signed by the party against which enforcement of any such waiver, amendment, supplement or modification is sought. No failure or delay on the part of Buyer or Seller in exercising any right or power under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power.

11.4 Assignment. Buyer and Seller shall not assign their interests or delegate their obligations under this Agreement without the prior written consent of the other party, which

consent shall not be withheld unreasonably. This Agreement shall be binding upon the successors and assigns of the parties hereto.

11.5 Notice. All notices, demands and requests required or permitted to be given under the provisions of this Agreement shall be (i) in writing, (ii) delivered by personal delivery, or sent by overnight commercial delivery service, (iii) deemed to have been given on the date of personal delivery, or the date set forth in the records of the delivery service, and (iv) addressed as follows:

To Buyer: Family Stations, Inc.
 290 Hegenberger Road
 Oakland, California 94621
 Attention: Thomas Evans, Vice President

Copy to: Fletcher, Heald & Hildreth, P.L.C.
 1300 North 17th Street, 11th Floor
 Arlington, Virginia 22209
 Attention: Michelle A. McClure, Esquire

To Seller: California Lutheran University
 60 West Olsen Road #1210
 Thousand Oaks, CA 91360
 Attention: Karen Davis, Vice President
 for Administration and Finance

Copies to: Station KCLU-FM
 60 West Olsen Road #4400
 Thousand Oaks, CA 91360
 Attention: Mary Olson, General Manager

 Lerman Senter, PLLC
 2000 K Street, N.W.
 Suite 600
 Washington, DC 20006
 Attention: Meredith Senter, Esquire

or to such other persons and addresses as the parties may from time to time designate in a writing to the other party delivered in accordance with this **Section 11.5**.

11.6 Defined Terms. Terms that are defined in this Agreement are set forth on the attached Schedule of Defined Terms.

11.7 Counterparts. This Agreement may be signed in any number of counterparts with the same effect as if the signature on each such counterpart were upon the same instrument. This Agreement shall be effective and legally binding upon delivery of signatures by facsimile transmission or other electronic transmission (e.g., PDF file).

11.8 No Third Party Beneficiaries. Except as set forth in **Sections 10.1 and 10.2**, nothing herein, express or implied, shall be construed to confer upon or give to any other person other than the parties hereto or their permitted successors or assigns, any rights or remedies under or by reason of this Agreement.


11.9 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced because of any law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to either party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

[Signature Page Follows]

IN WITNESS WHEREOF, this Agreement has been executed by Buyer and Seller as of the date first above written.

SELLER:

FAMILY STATIONS, INC.

By: 

Name: Thomas Evans
Title: VP

BUYER:

CALIFORNIA LUTHERAN UNIVERSITY

By: _____
Karen Davis
Vice President for Administration and
Finance

IN WITNESS WHEREOF, this Agreement has been executed by Buyer and Seller as of the date first above written.


SELLER:

FAMILY STATIONS, INC.

By: _____
Name:
Title:

BUYER:

CALIFORNIA LUTHERAN UNIVERSITY

By:  _____
Karen Davis
Vice President for Administration and
Finance

Schedule of Defined Terms

TERMS	SECTION
“Assumed Contracts”	1.1(c)
“Assumed Liabilities”	1.3
“Buyer”	Introduction
“Buyer Indemnified Parties”	10.1
“Claims”	10.1
“Closing”	8.1
“Closing Date”	8.1
“Communications Act”	4.2
“Effective Time”	8.1
“Escrow Agent”	2.2(a)
“Escrow Agreement”	2.2(a)
“Escrow Deposit”	2.2(a)
“Facilities Change Application”	6.8
“FCC”	Premise A
“FCC Application”	6.1
“FCC Consent”	6.1
“FCC Licenses”	1.1(a)
“Final Order”	7.1(d)
“Indemnification Proceeding”	10.3
“Indemnified Party”	10.3
“Indemnitor”	10.3

“Leased Real Property”	3.7(a)
“Leases”	3.7(a)
“Liens”	1.1
“Loss”	6.3(a)
“Main Studio Waiver Request”	6.8
“MVP”	6.4
“Permitted Liens”	1.1
“Personal Property”	1.1(b)
“Purchase Price”	2.1
“Purchased Assets”	1.1
“Retained Liabilities”	1.4
“Seller”	Introduction
“Seller Indemnified Parties”	10.2
“Stations”	Premise A
“Survival Period”	10.4