

## **ASSET PURCHASE AGREEMENT**

This Agreement, for the sale and purchase of substantially all the assets used or usable in the operation of Broadcast Stations K14OD-D (FCC Facility ID # 182086), San Juan Bautista, CA (hereinafter, the "Station"), is between Joseph Fiori ("Seller"), an individual which is now the owner, operator and licensee of the Station, and Frontera Television Network, LLP. ("Buyer"), a California Limited Liability Partnership.

In consideration of the mutual promises and covenants made in this Agreement, and in reliance upon the representations and warranties contained herein, the parties, intending to be legally bound, agree as follows:

### **ARTICLE 1**

#### **ASSETS TO BE CONVEYED**

At the Closing, Buyer shall purchase from Seller and Seller shall assign, convey, transfer and deliver to Buyer, by good and sufficient instruments, all of the tangible and intangible assets used or usable in or required for the operation of the Station (the "Purchased Assets"), such assets to include but not be limited to those assets described in the remainder of this Article 1, except seller's cash on-hand and in banks, cash equivalents, and securities (collectively, the "Excluded Assets").

**1.1 Licenses.** Seller shall assign to Buyer the broadcast and other licenses, permits and authorizations used in, required or intended for the operation of the Station, including the authorizations in FCC Files No. BNPDVL-20090825BIS (the "San Juan Bautista Construction Permit"), and all rights in pending applications (collectively, the "Licenses"). A list of the Licenses is included in Schedule A to this Agreement.

**1.2 Personal Property.** Seller shall convey to Buyer all the tangible personal property used or usable in the operation of the Station, including without limitation all assets listed in Schedule B to this Agreement (the "Personal Property"). The Personal Property shall include all replacements and additions made in the ordinary course of business between the date hereof and the Closing Date in accordance with past practices.

**1.3 Real Property.**

Seller shall assign and transfer to Buyer all of its right to and interest in the real property at the antenna sites authorized in the Construction Permit, whether in fee, lease, easement or other form as listed in Schedule C to this Agreement (collectively, the "Leases"). Prior to the Closing Date, Seller shall use its best efforts to obtain the consent of any third parties necessary for the assignment to Buyer of any Lease. Buyer shall assume and agree to pay and perform all obligations of Seller under the Leases, to the extent such obligations arise or accrue after the Closing Date. Notwithstanding the foregoing, Buyer will not be obligated to assume any Lease which Seller does not have the right to assign Buyer or for which Seller has not obtained any necessary third party consents. It shall be a condition precedent to Buyer's closing hereunder that all Leases listed on Schedule C be assigned to Buyer at the Closing.

**1.4 Contracts and Other Obligations.**

Buyer shall not assume or be liable for any contract, liability or obligation of the Seller of any kind or nature, whether known or unknown, contingent, absolute or otherwise, other than as expressly provided herein.

**1.5 Intellectual Property Rights** Seller shall transfer and convey to Buyer all copyrights, trademarks, service marks, trade names or other similar rights (including,

without limitation, all of Sellers rights, if any, in and to the call letters K14OD-D, all logos and licenses to use intellectual property rights of others) as used in connection with the operation of the Station, and any additions thereto made by Seller in the ordinary course of business between the date hereof and the Closing Date, and all other intellectual property and property rights, all goodwill and other general intangibles.

**1.6 Records** At the Closing Seller shall deliver to Buyer all files, records and logs (or, except for the logs, copies thereof) relating to the business or operation of the Station as Buyer shall require or reasonably request (collectively, the "Records"). The Records shall not include the Seller's bookkeeping, financial and accounting records relating to the Station.

**1.7 Accounts Receivable.** All accounts receivable existing up to Closing shall be property of Seller.

**1.8 Other Assets** Seller shall convey and deliver all other property and property rights held for the operation of the Station except the Excluded Assets.

## **ARTICLE 2**

### **PURCHASE PRICE FOR ASSETS**

The purchase price to be paid by Buyer to Seller shall be FIFTY THOUSAND DOLLARS (\$50,000.00) to be paid by Buyer to Seller in the following manner:

**2.1 Escrow Deposit.** Within three business days of the execution of this Agreement, Buyer shall deposit (or cause to be deposited) with its counsel, Herbert R. Kraft acting as Escrow Agent, the sum of Five Thousand Dollars (\$5,000.00) as a security deposit for its obligation to buy the Purchased Assets (the "Earnest Money Deposit"). Seller, Buyer and Escrow Agent shall enter into an escrow agreement of even date

herewith (the "Escrow Agreement") to govern the maintenance and disposition of the Earnest Money Deposit, consistent with the provisions and intent of this Agreement. At the Closing, the Escrow Agent shall pay over to Seller the Earnest Money Deposit which shall be credited against the Purchase Price as a portion of the Down Payment Buyer will pay Seller at the Closing.

**2.2 Cash Payment at Closing.** Buyer shall deliver to Seller at Closing by wire transfer or other immediately available Federal funds, under instructions to be given by Seller to Buyer at least one day before the Closing, the sum of Thirty-Two Thousand Five Hundred DOLLARS (\$32,500.00) (the "Down Payment") plus or minus the prorations and adjustments described in Article 5 hereof.

**2.3 Deferred Payment.** At the Closing, Buyer shall execute and deliver to Seller a Promissory Note (the "Note") payable to the order of Seller for an amount equal to The unpaid balance of Seventeen Thousand Five Hundred DOLLARS (\$17,500.00) the Purchase Price. The Note shall include the following terms:

- (a) The Note shall not accrue.
- (b) The Seller will retain a security interest in the assets conveyed by Seller to the Buyer.
- (c) The term of the Note shall be for one (1) year, or the date that program test is commenced, whichever is later.

### **ARTICLE 3**

#### **FCC CONSENT**

The consummation of this Agreement is subject to the prior receipt of consent of the Federal Communications Commission ("FCC"). Buyer and Seller will join in the

preparation of an application for consent to assignment of the Station's FCC Licenses as contemplated herein (the "Application") and will, in any event, file the Application within thirty (30) days following the execution hereof. The parties will take or cooperate in taking all reasonable steps that are necessary and proper to the expeditious and diligent prosecution of the Application to a favorable conclusion.

#### **ARTICLE 4**

##### **TERMINATION**

(a) Buyer may terminate this Agreement upon written notice to Seller (within 60 days following execution hereof) that it has not raised sufficient funding to purchase the Station. In the event of such termination, the parties shall have no further obligation or liability to each and shall resume their status quo ante.

(b) Buyer may terminate this Agreement upon written notice to Seller at any time prior to the closing in the event (i) the Seller is in breach of any representation, warranty or covenant contained in this Agreement in any material respect, (ii) if any of the conditions set forth in Article 10 hereof shall have become impossible to fulfill for reasons beyond control of the Buyer and shall have not been waived.

(c) Seller may terminate this Agreement upon written notice to Buyer at any time prior to the Closing in the event (i) the Buyer is in breach of any representation, warranty or covenant contained in this Agreement in any material respect or (ii) if any of the conditions set fourth in Article 11 hereof shall have become impossible to fulfill for reasons beyond control of the Seller and shall not have been waived.

(d) If not sooner terminated in accordance with subparagraphs (a) or (b) of this article 4, either party not then in default under this Agreement may terminate this

Agreement upon written notice to the other party if the FCC has not granted the Application by a Final Order as of the date One (1) year after the date on which the Application is filed with the FCC. In the event of such termination, the parties shall have no further obligation or liability to each and shall resume their status quo ante.

For purposes of this Agreement, a grant by the FCC shall be deemed to be a "Final Order": (i) when the date for filing a request for administrative or judicial review or reconsideration of such grant has expired without any such filing having been made; and (ii) when the time within which the FCC and/or its staff may seek to review or reconsider such grant on its own motion has expired without any such review or reconsideration having been ordered by the FCC and/or its staff; and (iii) in the event of any filing of any request for administrative or judicial review or reconsideration of such grant, or in the event that review or reconsideration of such grant is instituted by the FCC or its staff on the FCC's or the FCC staff's own motion, when the grant has been reaffirmed or upheld and the time for seeking or instituting any further administrative or judicial review or reconsideration with respect to such grant has expired without any request for such further review or reconsideration having been filed and without such further review or reconsideration having been initiated.

(e) Upon termination of this Agreement pursuant to paragraph (a) , (b), (c)(ii) or (d) of this article 4, the Earnest Money Deposit shall be returned to Buyer together with all interest accrued thereon. Upon termination of this Agreement pursuant to subparagraph (c)(i) of this Article 4, the Earnest Money Deposit shall be remitted to Seller, and all interest accrued thereon shall be remitted to Buyer.

## **ARTICLE 5**

## **PRORATIONS AND ADJUSTMENTS**

The income and expenses attributable to the operation of the Station up to 12:01 a.m. on the Closing Date shall be for the account of the Seller, and thereafter for the account of the Buyer. Expenses including, but not limited to, such items as power and utility charges, real and personal property taxes, advances to salesmen, frequency discounts, rents, wages, payroll taxes, vacation pay and or other employee benefits for employees, if any, of Seller who enter into the employment of Buyer as of the Closing Date, and similar prepaid and deferred items shall be prorated between Buyer and Seller, the proration to be made, insofar as feasible, on the Closing Date, with a final settlement within ninety (90) days after the Closing Date.

## **ARTICLE 6**

### **REPRESENTATIONS AND WARRANTIES OF SELLER**

Seller represents and warrants to Buyer as follows:

**6.1 Licenses and Authorizations** Seller is, and on the Closing Date will be, the holder of the Licenses relating to the Station, all of which are in full force and effect (and none of which shall be altered or modified between the date hereof and the Closing Date) ; and, except as disclosed in Schedule A hereof and except as may be expressly consented to in writing by Buyer, Seller has and will have no applications outstanding for any operating authority, or for the construction of any facility or for the modification of any authorization or application therefor. Schedule A annexed hereto sets forth a complete listing of all FCC Licenses and other authorizations currently held by or issued to Seller in connection with the operation of the Station. The Licenses constitute all licenses, permits and

authorizations from the FCC and other regulatory bodies which are required for the operation of the Station and the conduct of its business as conducted on the date hereof. Except as disclosed in Schedule 6.1, there is not now, and on the Closing Date there will not be, pending, or to the knowledge of Seller threatened, any action by or before the FCC to revoke, cancel, rescind, modify, or refuse to renew in the ordinary course any of the Licenses, or any investigation, Order to Show Cause, Notice of Violation, Notice of Apparent Liability for Forfeiture, Order of Forfeiture, or Complaint against the Station or Seller. In the event of any such action, or the filing or issuance of any such order, notice or complaint, or knowledge of the threat thereof, Seller shall notify Buyer of same within (5) business days after Seller receives notice thereof, and shall take all reasonable measures to contest in good faith or seek removal or rescission of such action, order, notice or complaint, and shall pay any sanctions imposed. There is not now in existence any violation on any federal, state or local law or regulation in respect of the operation of the Station the effect of which, individually or in aggregate, could be materially adverse to the Station or the Station's Assets. Seller knows of no reason why the FCC should not approve the Application required by Article 3 hereof.

**6.2 Title to and Condition of Personal Property.** Seller has good and marketable title to all of the Personal Property, free and clear of all liens, mortgages, pledges, or encumbrances, except as indicated on Schedule B. All of the Seller's Personal Property used or usable in the operation of the Station as of the date hereof is listed in Schedule B except for items which may be leased which are included on Schedule C. Except as indicated on Schedule B, all transmitting and studio equipment used or usable by Seller in the operation of the Station is now in proper operating condition and substantially good repair,

complies with all FCC requirements and generally accepted good engineering practices and standards, is suitable for the purposes used and intended, and the same shall be true with respect to the transmitting and studio equipment on the Closing Date. At the Closing, the Personal Property shall be conveyed and/or transferred to Buyer free and clear of all liens, mortgages, pledges, or encumbrances.

**6.3 Leases.** Schedule C lists all leases and real property interests pertaining to the antenna sites identified in Paragraph 1.3 hereof relating to the operation or assets of the Station to which Seller is a party as of the date hereof. Seller is not in default under any Lease. Seller has provided Buyer with a copy of each written Lease listed on Schedule C. As of the date hereof, Seller has made all payments and is otherwise in compliance with the terms and conditions in the Leases. As of the date hereof, the Leases are, and on the Closing Date will be, in full force and effect and enforceable by Seller in accordance with their terms, or pursuant to renewals or extensions thereof on substantially the same terms.

**6.4 Intellectual Property Rights.** Except in each case as set forth in Schedule D: (i) Seller owns, possesses or has the right to use all Intellectual Property Rights (as hereinafter defined) necessary or required for the conduct of its business as presently conducted, or otherwise used by Seller, all of which Intellectual Property Rights are identified on Schedule D; (ii) no royalties or other amounts are payable by Seller to other persons by reason of the ownership or use of Intellectual Property Rights; (iii) to the knowledge of the Seller, no product or service marketed or sold by Seller and no activities of Seller violate any license or infringe upon any Intellectual Property Rights of others; (vi) Seller has not received any notice that any of its Intellectual Property Rights or the operation of Seller's business in connection with operation of the Station conflicts with the

Intellectual Property Rights of others; and (v) to the knowledge of Seller, there is not any reasonable basis to believe that any such violation, infringement or conflict may exist. As used herein, the term "Intellectual Property Rights" means all licenses, patents, trademarks, service marks, trade names, copyrights, inventions, trade secrets, proprietary processes, software and formulae, applications for patents, trademarks, service marks, and copyrights, and other creative industrial and intellectual property rights.

**6.5 Litigation.** Except as disclosed in Schedule 6.5 hereof, there is no judgment outstanding and no litigation, suit, action, claim investigation, Order to Show Cause, Notice of Violation, Notice of Apparent Liability, complaint, or proceeding pending before any forum, court or government agency (including the FCC), or to the knowledge of Seller threatened, against or relating to the Station, its business operations, financial condition or customer relations, the Purchased Assets, the right of Seller to dispose of the Purchased Assets or to enter into and carry out this Agreement and Seller does not know of any basis for any such action or proceeding.

**6.6 Insurance.** Seller now has and shall maintain until the Closing Date in full force and effect policies of fire, hazard, and liability insurance on the Purchased Assets and the Station.

**6.7 Personnel.** Seller has delivered to Buyer a list showing the names of all persons currently employed at the Station, together with a statement of the salary or other compensation payable to such person and the basis thereof. Seller is not a party to any collective bargaining agreement covering any of the Station's employees nor is any proceeding pending, or threatened, to designate a union as the exclusive bargaining agent of such employees. No agreement exists that would require that Buyer employ any of the

Station's or Seller's employees after the execution and delivery hereof and Buyer is not so obligated.

**6.8 Compliance with Laws.** The operation of the Station is now in compliance with all applicable laws, rules and regulations of all federal, state and local authorities or agencies so as to permit the Station to operate as at present and/or as it is fully licensed to do. The Station has been, and shall continue to be, operated in full compliance with its FCC Licenses, the Communications Act of 1934, as amended, and the rules, regulations and policies of the FCC. All applications, reports and other disclosures and filings required by the FCC with respect to the Station have been, and will be as of the Closing Date, duly and timely filed. All such applications, reports and other disclosures and filings are and will be as of the Closing Date hereunder complete and accurate in all material respects. Seller possesses all of the permits, authorizations, or consents necessary to operate the Station and own the Purchased Assets and lease the site in which is located Seller's transmitting antenna tower in accordance with law, and they are all, and on the Closing Date will be, transferable to Buyer, such that upon the Closing Buyer will possess all permits, authorizations and consents necessary to enable the Buyer to operate the Station and own the Purchased Assets and lease the site in which is located Seller's transmitting antenna tower, except to the extent any third-party consent to the assignment of an Essential Contract may not have been received.

**6.9 Absence of Restrictions.** The execution, delivery and consummation of this Agreement by Seller does not and on the Closing Date will not conflict with, or result in breach of, the terms, conditions, or provisions of, or constitute a default under, or constitute an event that permits the imposition of a lien upon or the creation of a security

interest in the Purchased Assets pursuant to, any agreement, instrument, law or regulation to which Seller is now or on the Closing Date will be subject, except to the extent that consent to the assignment of certain agreements to Buyer may be required as herein contemplated.

**6.10 Taxes.** Except as disclosed on Schedule 6.10, the Seller has filed all income, franchise, sales and other tax returns, declarations, statements and reports of every nature, including and schedule or attachment thereto and including any amendment thereof ("Tax Return") required to be filed by it relating to or affecting the Station, accurately reflecting any and all taxes owing to the United States or any other government or any subdivision thereof, or any other taxing authority, and has paid in full or made adequate provision to pay and shall continue to pay in full and make such provision for the payment of all taxes (including penalties and interest) relating to the Station with respect to all tax periods ending on or before the Closing Date for which the Seller has or may have liability, whether or not shown on any Tax Return. Except as disclosed on Schedule 6.10, there is no unassessed tax deficiency proposed or threatened against the Station, and there are no tax liens on any of the Purchased Assets. There are, and will hereafter be, no net tax deficiencies (including penalties and interest) of any kind assessed against or relating to the Station with respect to any of the taxable periods ending on or before, or including, the Closing Date. The Seller is not currently the beneficiary of any extension of time within which to file any Tax Return. There are no outstanding agreements or waivers extending the statutory period of limitations for filing any Tax Return. Proper amounts have been withheld by the Seller from its employees, independent contractors and other third parties in compliance with the tax withholding provisions of all applicable federal, state, local,

foreign and other laws, and timely deposits have been made of all payroll taxes due. Any provision hereof to the contrary notwithstanding, this representation shall survive the Closing until the expiration of any period during which any tax may be assessed.

**6.11 Station Files.** The Station's files are and will be maintained in compliance with the rules and regulations of the Commission, are available for inspection by Buyer and will be delivered to Buyer at Closing.

**6.12 Reports** All reports, schedules, and/or returns of any administrative agency of the Federal or any state or local governments heretofore required to be filed by Seller in connection with the Station have been filed and all such reports, schedules, and returns required to be filed before the Closing Date will have been filed before such date.

**6.13 Organization and Standing.** Seller is and on the Closing Date will be a corporation duly organized, validly existing and in good standing under the laws of the State of California, with all requisite corporate power and authority to enter into and perform the terms of this Agreement, subject only to the issuance of the consent of the FCC with respect thereto.

**6.14 Authorizations.** Seller has taken all necessary corporate action to approve the execution and delivery of this Agreement, and to approve the performance of this Agreement and the consummation of the transactions contemplated herein. This Agreement constitutes a valid and binding obligation of Seller enforceable in accordance with its terms.

**6.15 Solvency.** As of the date hereof and on the Closing Date (either before or after the transactions contemplated herein), the fair market value of Seller's assets do and

will exceed the face amount of its liabilities, Seller has and will have adequate working capital to conduct its business, and Seller is paying and will be able to pay its debts as they mature.

**6.16 Environmental, Health and Safety Matters.** Except as set forth on Schedule 6.16, Seller has not caused or contributed to any condition or potential condition existing at any leased or owned facility of the Seller or at any former facility of the Seller with respect to the storage or release into the earth or its atmosphere of effluent, waste or other materials, solid liquid or gaseous, nor has any material been disposed of or released in any way or manner, which would or may in the future cause the Buyer or its affiliates to be liable for damages, fines or penalties or to incur expenses (including without limitation legal and consulting fees) to investigate or correct any such condition or to meet with or otherwise communicate with any governmental unit or agency or public or private body in connection therewith. The Seller has never exposed any employee or other individual to any substance or condition, or owned or operated any property or facility in any manner, that would or may in the future cause the Buyer or its affiliates to be liable for damages, fines or penalties or to incur expenses (including without limitation legal and consulting fees) in connection with any claim of illness of or personal injury to any employee or other individual. Without limiting the generality of the foregoing, the Seller and its assets have been and are in compliance with all applicable laws and regulations regarding the environment, health, or safety. The Seller has not received any notice, nor to the knowledge of the Seller is any such notice pending, from any governmental, public or private body claiming any violation or potential violation of any zoning, building, health, safety or environmental law or ordinance, or requiring any work, repairs, construction, alterations, noise reduction,

odor elimination, cleanup or installation, encapsulation or abatement which has not been complied with, and the Seller has delivered to the Buyer copies of each such notice, whether or not complied with. All of the assets of the Seller and all properties and equipment used at any time in or at the Station have been free of asbestos, PCBs, methylene chloride, trichloroethylene, 1,2 trans-dichloroethylene, dioxins, dibenzofurans, and any "extremely hazardous substance" within the meaning set forth in Section 302 of the Emergency Planning and Community Right-to-know act of 1986, as amended.

**Schedule 6.16** lists each environmental permit relating to the Station. Each such permit is transferable to the Buyer and renewable and would not be subject to materially different terms upon transfer or renewal. There is no plan, study or effort by any governmental authority or any other person which may prevent or hinder the continued use of any real property owned or leased by the Seller and used in the Station's business.

**6.17 Conduct of the Business.** Upon consummation of the transactions contemplated by this Agreement, the Buyer will have acquired all of the properties and rights necessary to operate the Station in the manner that it has been operated by Seller heretofore.

**6.18 Benefit Plans.** The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby will not constitute a violation of, or give rise to any liability under, title I of the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder ("ERISA") or section 4975 of the Code. The Seller maintains no "employee benefit plan" (as defined in section 3 (3) of ERISA) or any other retirement, profit sharing, stock option, stock bonus or employee benefit plan.

**6.19 Labor Relations.** There is no unfair labor practice complaint pending or, to the knowledge of the Seller, threatened against the Seller in connection with the Station nor, to the knowledge of the Seller, any basis therefor. There is no discrimination charge (relating to sex, age, race, national origin, handicap or veteran status) pending before any federal, State or foreign agency or authority nor, to the knowledge of the Seller, any basis therefor.

**6.20 Disclosure.** No representation or warranty in this Agreement or in any schedule to this Agreement, and no statement made by the Seller contained elsewhere in this Agreement or in any schedule, exhibit, certificate, instrument or agreement delivered or to be delivered by the Seller to the Buyer pursuant to this Agreement or in connection with the transactions contemplated hereby contains or will contain any untrue statement of a material fact or omits or will omit to state a fact necessary to make the statements contained herein or therein not misleading. Nothing in any Schedule to this Agreement shall be deemed adequate to disclose an exception to a representation or warranty made herein unless such Schedule identifies the exception with particularity and describes the relevant facts in sufficient detail to put the Buyer on notice as to the implications of such exception.

**6.21 Local regulatory impediments** Seller is unaware of any local land use, antenna site or other regulations that may materially affect Buyer in construction of the facility contemplated by the construction permit.

## ARTICLE 7

### REPRESENTATIONS and WARRANTIES OF BUYER

Buyer represents, warrants and covenants to Seller as follows:

**7.1 Organization and Standing.** On the Closing Date Buyer will be a corporation duly organized, validly existing and in good standing under the laws of the State of California with all requisite corporate power and authority to enter into and perform the terms of this Agreement, subject only to the issuance of the consent of the FCC with respect thereto.

**7.2 Authorization.** Buyer has taken all necessary actions to approve the execution and delivery of this Agreement, and to approve the performance of this Agreement and the consummation of the transactions contemplated herein. This Agreement constitutes a valid and binding obligation of Buyer enforceable in accordance with its terms.

**7.3 Absence of Restrictions.** The execution, delivery and consummation of this Agreement by Buyer shall not on the Closing Date, conflict with, or result in breach of, the terms, conditions, or provisions of, or constitute a default under its Articles of Incorporation or By-Laws or any other agreement, instrument, law or regulation to which it now is subject or will be subject on the Closing Date.

**7.4 Qualifications.** To the best of Buyer's knowledge:(a) Buyer is legally, technically and financially qualified, and on the Closing Date will be legally, technically and financially qualified, to become a licensee of the FCC; and (b) Buyer knows of no reason why the FCC should not approve the application required by Article 3 hereof. Between the date hereof and the Closing Date, Buyer will take no action which would adversely affect its qualifications to be the licensee of the Station or which would delay FCC approval of the application required by article 3 hereof.

**7.5 Third Party Consents.** Buyer shall cooperate with Seller and will execute such documents as may reasonably be required in order to assign any Lease to Buyer pursuant to the terms of this Agreement.

**7.6 Construction.** Upon the assignment of the construction permits Buyer will promptly, at its sole expense commence construction diligently.

## **ARTICLE 8**

### **COVENANTS OF SELLER**

**8.1 Negative.** Between the date hereof and the Closing Date, Seller will not, without prior written consent of Buyer:

(a) Sell, assign, lease, encumber, mortgage or otherwise transfer or dispose of any asset or property of the Station, except in the normal and usual course of business:

(b) Cancel, modify or in any way impair any Lease;

(c) Enter into any new Air Time Agreement, except for agreements which:

(1) Are made in the ordinary course for the benefit of the Station and substantially in accordance with past practice of the Station; and

(2) Have a term not to exceed beyond the Closing date.

(d) Increase the compensation or bonuses or to become payable to any of Station's employees, except in accordance with existing employment practices, or effect any changes in personnel policies or employee benefits except in accordance with existing employment practices:

(e) Enter into any new Barter Transactions; or

(f) Violate any rules, regulations or policies of the FCC or any provisions of the Communications Act of 1934, as amended, or any provisions of any of the FCC Licenses,

or cause or permit any of the FCC Licenses to lapse, to be modified in any adverse respect or to become impaired in any manner;

(g) Take or refrain from taking any action that would cause the face amount of Seller's liabilities to exceed the fair market value of its assets or render Seller with inadequate working capital with which to conduct its business or unable to pay its debts as they mature.

(h) Enter into any new lease, tenancy, license or other arrangement for real property rights for any of the antenna sites associated with the Station.

**8.2 Affirmative.** Between the date hereof and the Closing Date, Seller will:

(a) Seller will give to Buyer and its authorized representatives reasonable access normal business hours to all Records, properties, books, records,(including, without limitation, bookkeeping, financial and accounting records) contracts and documents and furnish or cause to be furnished to Buyer or its authorized representatives all information with respect to the affairs and business of the Station as Buyer may reasonably request (it being understood that the rights of Buyer under this subparagraph shall not be exercised in such a manner as to interfere unreasonably with the operations of the Station);

(b) Prepare and maintain the books, records and financial statements relating to the Station consistently with past periods;

(c) Comply with all laws and regulations to which it or the Station is subject;

(d) Notify Buyer within seven (7) days of Seller's first notice of any litigation pending or threatened against the Station and within forty-eight (48) hours of any damage to or destruction of any assets or property to be sold hereunder;

(e) Use its best efforts to procure the consent of any third parties necessary for the assignment to Buyer of the Leases to be assigned hereunder;

(f) Use its best efforts in the preparation, filing and prosecution of the Application;

(g) Notify Buyer upon receipt of any administrative or other order relating to any violation of the FCC's rules and regulations or any other federal, state or local regulatory or administrative body, including rules relating to the employment, labor or equal employment opportunity. Seller shall correct any such violations as relate to the operation of the Station prior to the Closing Date and shall be responsible for the removal of such, including the payment of any fines or back pay that may be assessed for any such violation committed by Seller;

(h) Complete all obligations owing by Seller to advertisers for the sale of air time on the Station.

(i) Continue to operate the Station in full compliance with the terms of its FCC Licenses, in the usual and ordinary course of business, and in conformity with all applicable laws, ordinances, regulations, rules and orders, and file with the FCC all applications, reports and other filings and documents required to be filed with the FCC in connection with the ownership and operation of the Station;

## **ARTICLE 9**

### **COVENANTS OF BUYER**

Between the date hereof and the Closing Date Buyer will:

(a) Notify Seller within seven (7) days of Buyer's first notice of any litigation pending or threatened against the Station or any damage to or destruction of any assets or property to be sold hereunder;

(b) Cooperate with Seller in its efforts to procure the consent of any third parties necessary for the assignment to Buyer of any Lease;

(c) Use its best efforts in the preparation, filing and prosecution of an Application seeking FCC consent to assignment of the Station's Licenses to Buyer;

(d) Notify Seller within seven (7) days of the receipt of any administrative or other order relating to any violation by Buyer of the FCC's rules and regulations or any other federal, state, or local regulatory or administrative body, including rules and relating to the employment of labor or equal employment opportunity.

## ARTICLE 10

### **CONDITIONS OF CLOSING BY BUYER**

The obligations of Buyer hereunder are, at its option, subject to compliance with, on or prior to the Closing Date, each of the following conditions:

**10.1 FCC Consent.** The FCC shall have granted its consent to the transaction contemplated hereunder by granting the Application without imposing any conditions on grant which are materially adverse to Buyer or the Station, and such grant shall have become a Final Order.

**10.2 Representations and Warranties.** Seller's representations and warranties shall be true and correct in all material respects on and as of the Closing Date as though such representations and warranties were made at and as of such time.

**10.3 Compliance With Terms.** Seller shall have performed and complied with terms, covenants and conditions required by this Agreement to be performed and complied with by it on or before the Closing Date.

**10.4 Closing Documents.** Seller shall have delivered to Buyer all of the Closing materials described in Article 12.1 hereof.

**10.5 FCC Licenses.** At the Closing, the FCC Licenses shall be assigned and transferred to Buyer, shall be valid and existing authorizations in every respect for the purposes of operating the Station, issued by the FCC under the Communications Act of 1934, as amended, for the full license term ending February 1, 2015, and shall contain no material adverse modifications of the terms of such Licenses from the terms as in effect as of the date of the Licenses and authorizations as set forth on Schedule A hereof. Seller shall not have violated any rules, regulations or policies of the FCC on any provisions of the Communications Act of 1934, as amended, or any of the provisions of the FCC Licenses, if, as a result of thereof (i) the Station shall have suffered or thereafter may suffer, any material adverse effect, or (ii) there shall have been any material adverse impact on any of the Licenses. If the Station is off the air, there shall be no less than Ninety (90) days remaining as of the Closing before the Station's authorization would expire pursuant to Section 312(g) of the Communications Act of 1934, as amended.

**10.6 Third-Party Consents.** Seller shall have delivered to Buyer any required third party consents to the assignment of the Leases.

## ARTICLE 11

## **CONDITIONS OF CLOSING OF SELLER**

The obligations of Seller hereunder are, at its option, subject to compliance with, on or prior to the Closing Date, each of the following conditions:

**11.1 FCC Consent.** The FCC shall have granted its consent to the transaction completed hereunder by granting the Application without imposing any conditions on grant which are materially adverse to Buyer or the Station and such grant shall have become a Final Order.

**11.2 Representations and Warranties.** Buyer's representations and warranties shall be true and correct on and as of the Closing Date as though such representations and warranties were made at and as of such time.

**11.3 Compliance with Terms.** Buyer shall have performed and complied with the terms, covenants and conditions required by this Agreement to be performed and complied with by it on or before Closing Date.

**11.4 Closing Documents.** Buyer shall have delivered to Seller all of the Closing materials described in Article 12.2 hereof and the purchase price as provided in Article 2 hereof.

## **ARTICLE 12**

### **CLOSING DOCUMENTS**

**12.1 To Be Delivered By Seller.** On the Closing Date Seller shall execute and/or deliver or cause to be delivered to Buyer:

(a) A good sufficient bill of sale, or other instruments of assignment, transfer and conveyance for all of the Personal Property and intangible personal property to be

transferred to Buyer hereunder, including the Licenses, free and clear of any lien, mortgage, charge, or encumbrance whatsoever.

(b) The Leases to be assigned to Buyer hereunder, with assignments thereof.

(c) Copies of all third party consents or approvals which may be required under any provision hereof.

(d) A certificate of Seller's president or other duly authorized officer certifying to the fulfillment of the conditions set forth in Articles 10.2 and 10.3 hereof.

(e) Certified resolution of Seller's Board of Directors and such other corporate authorizations as may be required under applicable law, authorizing the transactions provided for in this Agreement.

(f) A written opinion from local and FCC for the Seller, dated as of the Closing Date, addressed to the Buyer, and reasonably satisfactory to the Buyer and its counsel in form and substance to the effect that the Seller is a corporation validly existing and in good standing with the Secretary of the State of California; the Company has the corporate power and authority to own and lease its properties and to conduct its business as presently conducted, to execute and deliver this Agreement and to carry out and perform the transactions contemplated hereby; this Agreement has been duly authorized, executed and delivered by Seller, and is a valid legally binding obligation of the Seller, enforceable in accordance with its terms, subject to laws of general application affecting equitable relief or creditors rights and remedies; that, after due inquiry, to the best of such counsel's knowledge, neither the execution and delivery of this and provisions thereof by the Seller will result in a breach by the Seller of the terms, conditions or provisions of any judgment, order, injunction, decree, agreement or instrument to which it or by which it may be bound

or constitute a default thereunder, or result in the creation or imposition of any lien, charge, restriction or encumbrance of any nature whatsoever, upon, or give others any interest or rights including termination or cancellation rights in, or with respect to, any of the Purchased Assets; that, after diligent inquiry such counsel does not know of any litigation, proceeding or governmental investigation or labor dispute or labor trouble pending or threatened against or relating to the Station or to the Seller; except as disclosed in the Agreement, no consent, approval or authorization of, or registration, qualification or filing with any governmental agency or authority is required for the execution and delivery of the Agreement or for the consummation by the Seller of the transactions contemplated in the Agreement; and the instruments executed and delivered by the Seller at the Closing effectively vest in the Buyer of all the right, title, and interest of the Seller in the Purchased Assets. In providing such opinion(s), counsel may rely upon representations of Seller's officers as to issues of fact.

**12.2 To Be Delivered By Buyer.** On the Closing Date Buyer shall execute and/or deliver or cause to be delivered to Seller:

(a) Certified resolution of Buyer's Board of Directors and such other corporate authorizations as may be required under applicable law, authorizing the transactions provided for this Agreement.

(b) Payment of the Down Payment.

(c) The Note, in form reasonably satisfactory to Seller..

(d) An agreement, in form reasonably satisfactory to Seller, agreeing to assume and be bound by the Leases to be assigned under this Agreement.

(e) A Certificate of Buyer's President or other duly authorized officer certifying to the fulfillment of the conditions set forth in Articles 11.2 and 11.3 hereof.

### **ARTICLE 13**

#### **CLOSING DATE AND PLACE**

The Closing shall occur, on a date (the "Closing Date") designated by the Buyer, but within ten (10) days after the Commission's consent to assignment of the FCC Licenses to Buyer has become a Final Order. The Closing shall be held at such place as the parties shall mutually agree or, failing such agreement, at the office of Buyer's attorney. Buyer may, at its option, waive the requirement that the FCC's consent has become a Final Order.

### **ARTICLE 14**

#### **TAXES AND EXPENSES**

All transfer taxes, if any, payable or asserted to be payable by reason of the Purchased Assets shall be paid by Seller, except that Buyer shall pay any sales or use tax imposed on the transfer of the Personal Property. Each party shall bear the expenses incurred by it in connection with the preparation, execution and consummation of this Agreement and the prosecution of the FCC application contemplated by this Agreement. All FCC fees shall be paid equally by the parties.

### **ARTICLE 15**

#### **RISK OF LOSS**

The risk of any loss, damage or destruction to any of the Purchased Assets from fire or other casualty or cause shall be borne by the Seller at all times prior to the Closing Date. Upon the occurrence of any loss or damage to any of the Station's assets to be transferred hereunder as a result of fire, casualty or other causes prior to Closing, Seller shall notify Buyer of same in writing as soon as practicable starting with particularity the extent of such loss or damage incurred, the cause thereof if known and the extent to which restoration, replacement and repair of the Purchased Assets lost or destroyed will be reimbursed under any insurance policy with respect thereto. Subject to the provisions hereof, Buyer shall have the option in the event the loss or damage exceeds Fifty Thousand Dollars (\$50,000) and the property cannot be substantially repaired or restored before the Closing Date, exercisable within ten (10) days after receipt of such notice from Seller to:

(i) Terminate this Agreement, in which case the Earnest Money Deposit, together with accrued interest thereon, shall be returned to Buyer,

(ii) Postpone the Closing until such time as the property has completely been repaired, replaced or restored, unless the same cannot be reasonably effected within five (5) months of notification, or

(iii) Elect to consummate the Closing and accept the property in its "then" condition, in which event Seller shall assign all rights under any insurance claims covering the loss and pay over (as part of the Purchased Assets) any proceeds under any such insurance policy theretofore received by Seller with respect thereto. In the event Buyer elects to postpone the Closing Date as provided in subparagraph (ii) above, the parties hereto will cooperate and extend the time during which this Agreement must be closed as specified in the consent of the FCC referred to in Article 3 hereof.

If any event occurs that prevents the broadcast transmissions of the Station with full licensed power and antenna height as described in the FCC Licenses and in the manner in which the Station has heretofore been operating, and such facilities are not restored so that operation is resumed with full licensed power and antenna height as described in the Licenses within fifteen (15) days of such event, or, in the case of more than one event, the aggregate number of days preceding such restorations from all such events exceeds twenty (20) days, or if the Station is off the air more than four (4) times for a period, in each case, exceeding ten (10) hours, Seller shall give prompt written notice to Buyer, and Buyer shall have the right, by giving written notice to Seller of its election to do so, to terminate this agreement forthwith without any further obligation hereunder.

## **ARTICLE 16**

### **INDEMNIFICATION**

**16.1 Rights of Buyer.** Seller shall indemnify and hold harmless Buyer, its successors and assigns, from and against:

(a) Any and all claims, demands, actions, suits, proceedings, damages, deficiencies, assessments, judgments, costs, liabilities, obligations and expenses, including reasonable attorney's fees arising from or related to the operation of the Station prior to the Closing, any contract, liability or obligation of Seller not expressly assumed by Buyer, including, without limitation, any claim, liability or obligation with respect to any employee of the Seller in connection with his or her employment or the termination of such employment on or prior to the Closing Date or the failure of the Buyer to continue such employment;

(b) Any and all claims, demands, actions, suits, proceedings, damages, deficiencies, assessments, judgments, costs, liabilities, obligations and expenses, including reasonable attorney's fees incurred by Buyer as a result of any misrepresentation, breach of warranty or covenant, or nonfulfillment of any agreement on the part of Seller under this Agreement, or from any misrepresentation in any omission from any certificate or other instrument required to be furnished to Buyer pursuant to this Agreement or in any connection with any of the transactions contemplated herein; and

(c) Any and all claims, demands, actions, suits, proceedings, damages, deficiencies, assessments, judgments, costs, liabilities, obligations and expenses, including reasonable attorney's fees incurred by Buyer as a result of Seller's failure or refusal to discharge, satisfy, compromise or defend any claim included within the foregoing provisions of this Article 16.1 and Article 21.

**16.2 Rights of Seller.** Buyer shall indemnify and hold harmless Seller, its successors and assigns, from and against:

**A)** Any and all claims, liabilities, and obligations arising from or related to the operation of the Station from and after the Closing;

**B)** Any and all damage or deficiency resulting from any misrepresentations, breach of warranty or covenant, or nonfulfillment of any agreement on the part of Buyer under this Agreement, or from any certificate or other instrument required to be furnished to Seller pursuant to this Agreement or in connection with any of the transactions contemplated herein; and

**(C)** Any and all actions, suits, proceedings, damages, assessments, judgments, costs, liabilities and expenses, including reasonable attorneys' fees incurred by Seller as a

result of Buyer's failure or refusal to discharge, satisfy, compromise or defend any claim included within the foregoing provisions of this Article 16.2.

**16.3 Claims.** Any party seeking indemnification hereunder (the "Indemnified Party") shall promptly notify the party hereto obligated to provide indemnification hereunder (the "Indemnifying Party") of the amount and circumstances surrounding such claim for indemnification (a "Claim"), provided that failure of the Indemnified Party to give such notice shall not relieve any Indemnifying Party of its obligations under this Agreement except to the extent, if at all, that such Indemnifying Party shall have been prejudiced thereby. Neither party shall be liable to the other for Claims arising under Article 16 unless notice thereof shall have been given by the party seeking indemnification within thirteen (13) months after the Closing Date, except that (i) with respect to any indemnity sought by Buyer against Seller arising from a claim made by a third party against Buyer for an alleged debt, right, claim or other obligation which the third party allegedly had or has against Seller, the Buyer's notice may be given within thirty-seven (37) months after the Closing Date and (ii) with respect to any Claim relating to any income, franchise, sales or other tax, notice may be given at any time on or before thirty (30) days after the expiration of any period during which any such tax may be assessed. Upon receipt of a notice from an Indemnified Party of any action, suit, proceeding or demand by a person not a party to this Agreement (a "Third Party Claim") as to which an Indemnified Party is seeking indemnification hereunder, The Indemnifying Party shall be entitled to participate in the defense of such Third Party Claim, if and only if each of the following conditions is satisfied, the Indemnifying Party may assume the defense of such

Third Party Claim, and in the case of such an assumption the Indemnifying Party shall have the authority to negotiate, compromise and settle such Third Party Claim:

(i) The indemnifying Party Confirms in writing that it is obligated hereunder to indemnify the Indemnified Party with respect to such Third Party Claim: and

(ii) The Indemnified Party does not give the Indemnifying Party written notice that it as determined, in the exercise of its reasonable discretion, that matters of corporate or management policy or a conflict of interest make separate representation by the Indemnified Party's own counsel advisable.

The Indemnified Party shall retain the right to employ its own counsel and to participate in the defense of any Third Party Claim, the defense of which has been assumed by the Indemnifying Party pursuant hereto, but the Indemnified Party shall bear and shall be solely responsible for its own costs and expenses in connection with such participation.

**16.4 Threshold of Indemnification.** No Indemnifying Party shall be required to indemnify an Indemnified Party hereunder with respect to any Claim for less than Five Hundred Dollars (\$500), unless the aggregate of all Claims against such Indemnifying Party (including Claims of \$500 or less) shall exceed Ten Thousand Dollars (\$10,000), in which event the Indemnifying Party shall be required to pay all Claims, including Claims for less than Five Hundred Dollars (\$500).

**16.5 Payment of Claims.** The amount of any liquidated Claim shall be paid by the Indemnifying Party forthwith on demand. If the Indemnifying Party fails to pay any such Claim forthwith on demand, the Indemnified Party may (i) proceed directly against the Indemnifying Party to recover the amount of such Claim or (ii) set-off the amount of such Claim against amounts owed by the Indemnified Party to the Indemnifying Party.

## **ARTICLE 17**

### **CONTROL OF STATION**

Between the date of this Agreement and the Closing Date, Buyer shall not directly or indirectly control, supervise, or direct, or attempt to control, supervise, or direct the operations of the Station; such operations, including control and supervision of all Station programming, personnel and finances, shall be the sole responsibility of Seller. This Article 17 shall not be deemed to preclude the parties from entering into a time brokerage agreement, local marketing agreement, or any similar type of arrangement that complies with the FCC's rules and policies governing such agreements.

## **ARTICLE 18**

### **SURVIVAL OF REPRESENTATIONS**

Subject to the provisions of Article 16 hereof, the representations, warranties, covenants and agreements of Buyer and Seller contained herein shall be binding upon the successors and assigns of Buyer and Seller and shall survive the Closing for a period of one year from the date thereof, except that (i) with respect to those Claims as to which a thirty-seven (37) month notice period is applicable (as provided in Article 16), such representations, warranties, covenants and agreements of Seller shall survive the Closing for a period of three (3) years from the Closing Date and (ii) with respect to any Claim relating to any income, franchise, sales or other tax, such representations, warranties, covenants and agreements of Seller shall survive the Closing until thirty (30) days after the expiration of any period during which any such tax may be assessed.

## **ARTICLE 19**

### **SPECIFIC PERFORMANCE**

Seller recognizes that in the event it should refuse to sell the Station in accordance with the provisions of this Agreement, money damages will not be adequate. In such event, if Buyer is not itself in default, then Buyer shall have the right to specifically enforce this Agreement. Such right of specific performance shall be without prejudice to any other remedy to which Buyer may be entitled in law or equity.

## **ARTICLE 20**

### **LIQUIDATED DAMAGES**

If the purchase and sale is terminated because of a willful breach by Buyer, including, but not limited to the failure of Buyer to deliver the Down Payment to Seller at the Closing, and provided that the Seller is not in default, the entire Earnest Money Deposit shall be paid to Seller as liquidated damages as the sole and exclusive remedy for Buyer's default. Accrued earnings from the Earnest Money Deposit shall be remitted to Buyer.

## **ARTICLE 21**

### **BULK SALES**

The parties hereto waive compliance with the provisions of any bulk sales law applicable to the transaction contemplated herein; provided, however, that any loss, liability, obligation or cost suffered by Buyer as a result of a failure to comply therewith shall be borne by Seller and Seller will indemnify and hold Buyer harmless against any cost or expense incurred in connection with such failure.

## **ARTICLE 22**

**[RESERVED]**

## **ARTICLE 23**

## **BENEFIT AND ASSIGNMENT**

This agreement shall be binding upon and inure to the benefit of the parties hereto, their heirs, successors and assigns. Nevertheless, neither party shall assign its rights or obligations under this Agreement without the written consent of the other.

## **ARTICLE 24**

### **NOTICES**

All notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given if delivered personally or mailed by any form of mail or courier service requiring a signed receipt from the addressee or his agent, postage prepaid, addressed to the following:

If to the Seller, to:

Joseph Fiori  
P.O. Box 911  
Vacaville, CA 95696

With copies (which shall not constitute notice) to:

James L. Oyster  
108 Oyster Lane  
Castleton, VA 22716-9720

If to the Buyer, to:

Frontera Television Network, LLP.  
444 W Rialto Ave  
San Bernardino, CA 92401

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

Herbert Kraft  
703 N. Paulina Ave.  
Redondo Beach, CA 90277

**ARTICLE 25**

**ENTIRE AGREEMENT**

This Agreement and the Escrow Agreement contain the entire understanding of the parties with respect to the subject matter hereof. This Agreement shall not be modified except by a written instrument signed by the party to be charged.

**ARTICLE 26**

**HEADINGS**

The headings of the paragraphs of this Agreement are inserted as a matter of convenience and for references purposes only, and in no way define, limit or describe the scope of this Agreement or the intent of any paragraph hereof. The use of any gender herein shall include the other genders and the use of the singular shall, where appropriate, include the plural.

**ARTICLE 27**

**COUNTERPARTS**

This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**ARTICLE 28**

**LAW GOVERNING**

This Agreement shall be constructed and governed in accordance with the laws of the State of California.

**ARTICLE 29**

**COVENANT OF FURTHER ASSURANCES**

After the Closing, Seller and Buyer shall, upon the request of the other, take such other action, and execute and deliver to the other such additional instruments, as may be reasonably necessary to assure, complete, and evidence the full and effective implementation and consummation of the transaction contemplated by this Agreement.

**ARTICLE 30**

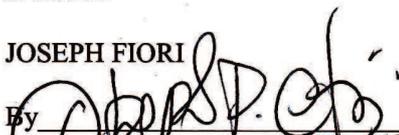
**BROKER**

Buyer and Seller each represent to the other that there has been no broker, finder, or consultant involved in the negotiations leading to the execution of this Agreement and that no fees for such services are owed to anyone.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed  
by their duly authorized officers as of 11/3, 2011.

SELLER

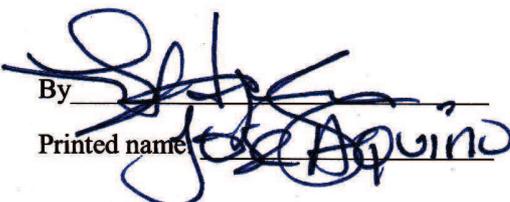
JOSEPH FIORI

By 

Printed name: Joseph Fiori

BUYER

Frontera Television Network, LLP.

By 

Printed name: Joseph Aquino

**Schedule A**

**FCC Licenses**

K14OD-D, San Juan Bautista, CA, Facility ID 182086

License expiration date: 12/13/2013.

**Schedule B**

**Personal Property**

Equipment List

### **SCHEDULE C**

There is no firm agreement for the use of the antenna site authorized under the digital construction permit in FCC File No. BNPDVL-20090825BIS.

**Schedule D**  
**Intellectual Property**

None.

**Schedule 6.1**

**Potential FCC Problems**

None.

**Schedule 6.5**

**Litigation**

None.

**Schedule 6.10**

**Exceptions to Tax Compliance**

None.

**Schedule 6.16**

**Environmental Permits**

None.