

## PURCHASE AGREEMENT

This Agreement is made this 5<sup>th</sup> day of May, 2005 by and between Ralph DeNune, Esq., as receiver for L&M Video Productions, Inc. of Toledo, Lucas County, Ohio ("Seller") and Cornerstone Church, Inc. of Lucas County, Ohio ("Buyer").

### RECITALS

A. Seller is the duly appointed receiver for L&M Video Productions, Inc. the licensee and operator of a low power television broadcast station at 405 Madison Avenue, Toledo, Ohio, holding valid authorization for the operation of such station from the Federal Communications Commission (the "FCC").

B. Buyer desires to acquire all the properties, assets, and rights of Seller, subject to the prior approval of the FCC, and Seller is willing to sell and transfer such properties, assets, and rights to Buyer.

In consideration of the matters described above, and of the mutual benefits and obligations set forth in this Agreement, the parties agree as follows:

### SECTION ONE

#### SUBJECT MATTER

Subject to the terms of this Agreement, Seller agrees to sell and deliver to Buyer, and Buyer agrees to purchase and take from Seller:

A. All of the properties, assets, FCC licenses, and permits, contracts, and other rights of Seller of every kind and description, real, personal, mixed, tangible and intangible, wherever situated, as listed or described on Exhibit A, which is attached to this Agreement and

incorporated by reference.

B. It is further agreed that Buyer shall assume none of the liabilities and obligations of Seller, Buyer acknowledging that Teletech, Inc. and Ultravision, Inc. each claim to be holders of a security interest and/or lessors of certain property presently in the possession of L&M Video Productions, Inc. To the extent that Buyer desires to retain the use of such property claimed by Teletech, Inc. or Ultravision, Inc., it agrees to negotiate a separate agreement with such parties which will result in the satisfaction and release of any secured claim of said creditors against any assets transferred to Buyer hereunder.

## SECTION TWO

### PRICE

A. The purchase price to be paid by Buyer to Seller for the properties, assets, and rights to be purchased by Buyer shall be an amount calculated according to the formula set forth in Paragraph B below but in no event to exceed the total amount of \$950,000.00 (the "Purchase Price").

B. The "Purchase Price" shall be the lesser of \$950,000 or a total of the following:

- |  |             |
|--|-------------|
| 1. The Court costs, fees and expenses of the Receiver estimated to be:   | \$25,000.00 |
| 2. Reimbursement of any "Super Priority" debt incurred by the Receiver pursuant to Court Order for operations or other valid purposes which amount is estimated to be: | \$20,000.00 |
| 3. The value of assets subject to the valid Security Interest of Ultravision which will be transferred to Buyer in an amount not to exceed:                            | \$43,061.19 |
| Plus lawful interest thereon estimated at:   | \$30,000.00 |

Provided that if a negotiated payment/price cannot be reached with Ultravision, as addressed in (C) below, the secured property will not be purchased by Buyer, shall remain property of Seller and may be abandoned by the Receiver.

- 4. The value of assets subject to the valid Security Interest of Teletech, Inc. which will be transferred Buyer in an amount not to exceed: \$24,400.00  
 Plus lawful interest thereon estimated at: \$12,000.00

Provided that if a negotiated payment/price cannot be reached with Teletech, as addressed in (C) below, the secured property will not be purchased by Buyer, shall remain property of Seller and may be abandoned by the Receiver.

- 5. The value of assets subject to the valid Security Interest of Cornerstone Church, Inc. which will be transferred Buyer not to exceed: \$681,796.11  
 Plus lawful interest thereon estimated at: \$77,707.00

Anticipated/Estimated Total Purchase Price: **\$913,964.30**

C. The Purchase Price shall be paid as follows:

Item 1 to be paid in cash at Closing.

Item 2 to be paid in cash at Closing.

Item 3 to be paid on a negotiated basis acceptable to creditor or paid in full at closing in an amount to be determined by the Court if a settlement cannot be reached prior to closing.

Item 4 to be paid on a negotiated basis acceptable to creditor or paid in full at closing in an amount to be determined by the Court if a settlement cannot be reached prior to closing.

Item 5 to be paid on a negotiated basis acceptable to creditor or paid in full at closing in an amount to be determined by the Court if a settlement cannot be reached prior to closing.

As Buyer is the largest secured creditor holding claims against the assets to be transferred by Seller and has been a "super priority" lender for operating funds under the Court's Order, no deposit or payment into escrow shall be required pending closing.

### SECTION THREE CONTINGENCIES

This contract is subject to the following contingencies:

A. This Agreement is specifically conditioned upon and subject to the final approval of this sale prior to closing by the FCC. In the event the FCC does not approve this sale and contemplated transfer of control, the obligations of all parties shall be null and void, at the election of either party. If the FCC does not rule on the application for this sale prior to December 31, 2005, or if the application for FCC approval of this sale is set for hearing by the FCC, then Buyer may, at its option, elect to terminate this Agreement upon which event the obligations of all parties hereunder shall be null and void.

B. Immediately upon the execution of this Agreement, Buyer, or its authorized representatives, and its attorney and accountant, shall have access to all books, records, and other related documents of L&M Video Productions, Inc. for the purpose of reviewing, copying, inspecting, and auditing such books, records, and documents. If Buyer, in its sole discretion, is not satisfied with any financial, business, legal or other aspect of Seller, or if Buyer is not satisfied that it has been provided access to all of the books, records and other related documents of Seller, it may elect to terminate this Agreement by delivering written notice of its election to Ralph DeNune, Esq., receiver for L&M Video Productions, Inc., at

the address given at the beginning of this Agreement within 30 days after receipt by Buyer of the financial statements and access to the books, records, and other related documents of Seller.

**SECTION FOUR**

**SPECIAL CONDITIONS**

The following special conditions shall apply to this Agreement:

A. Buyer has the right in its sole discretion to transfer and assign Buyer's rights under this Agreement to a corporation to be formed by Buyer or any other person capable of performing the Agreement as a Buyer provided such assignment shall not delay the closing.

B. At closing, or as soon as practicable afterwards, Seller will deliver to Buyer all books, papers and records relating to the properties, assets, and rights being purchased under this Agreement; personnel records relating to Seller's employees; detailed property records, property tax records, and title files and records, and a copy of Seller's general books of account.

C. Following acceptance of this Agreement by the Receiver, the Receiver shall consult with the Buyer regarding programming, operating and personnel matters which may arise between the date of this Agreement and the Closing Date. Thereafter, Buyer shall have the option, but not the obligation to fund operations through the Closing Date on a Super Priority basis under, and consistent with, the Court's Orders.

**SECTION FIVE**

**CLOSING DATE**

The date and time of closing shall be mutually agreed upon by Seller and Buyer but shall not be less than 15 days nor more than 45 days after FCC approval has become final. In the event of the inability of the parties to agree on a closing date, Seller or Buyer shall have the right to fix the closing date on 7 days' written notice to the other, the first such notice received being binding. The closing will be held at the offices of Gressley, Kaplin and Parker, LLP, 608 Madison Avenue, Suite 930, Toledo, Ohio 43604. The time and date designated for consummating and closing the purchase and sale is referred to in this Agreement as either the "Closing" or the "Closing Date".

## SECTION SIX

### SELLER'S COVENANTS

A. Seller agrees that from the date of this Agreement until Closing, and subject to the requirements of the court that appointed him as receiver, and further subject to the possibility of exigencies beyond his control, the business of the company shall be conducted diligently and consistent with the ordinary course of business, for which the purpose of this paragraph shall mean the conduct of the business in the manner in which it was conducted during the period preceding the execution of this Agreement, in accordance with the terms of its FCC licenses, with no substantial change in format. Such conduct of business shall include, but is not limited to, following its usual accounting practices, making ordinary accruals, incurring ordinary liabilities for expenditures, and making ordinary contract commitments. The parties acknowledge that the continuance of on going operations of the company is subject to the Receiver's ability to secure operational loans on terms approved by the Court as current

cash flow does not meet current overhead and if Buyer declines to provide funding prior to Closing, Seller does not and cannot guarantee that operations will continue without material or substantial changes or disruptions.

B. Seller shall use reasonable efforts prior to the Closing to preserve the business organization of Seller intact, to keep available to Buyer the services of Seller's staff, agents and other personnel, (except for termination of any such employee for cause and subject to the consultation with Buyer provided for above), and to preserve for Buyer the goodwill of suppliers, customers and others having business relations with Seller.

C. Except with Buyer's written consent or the Court's Order, Seller shall not enter into, assume or make any contract, lease, license, obligation, commitment, purchase or sale for the acquisition, construction, or disposition of capital assets involving payment or receipt of Seller of more than \$5,000 in the aggregate.

D. Except with the Buyer's prior written consent, Seller shall not enter into or assume any new mortgage, pledge, conditional sale or other title retention agreement, encumbrance or charge of any kind on the assets being sold.

E. Seller will afford Buyer, its representative, agents and employees, at all reasonable times, and in the manner and under circumstances which will not cause unreasonable interference with the operation of Seller's business, access to Seller's books, files, records, and other items pertaining to the assets sold to Buyer for the purpose of audit, inspection and examination, and will do everything reasonably necessary to enable Buyer to make a complete examination of such assets and properties of Seller and their condition.

F. Seller has furnished, or shall furnish Buyer with true, correct and complete copies of all FCC licenses, including but not limited to Seller's most recent license renewal filing, leases, contracts, trade agreement and other information material to the present or future operation of Seller's business.

G. Seller shall fully cooperate with Buyer in all respects in the timely preparation, filing and processing of the application for FCC consent to assignment, and shall respond promptly to any FCC requests or requirements in regard to such assignment.

## SECTION SEVEN

### SELLER'S REPRESENTATIONS AND WARRANTIES

Seller represents and warrants to, and agrees with, Buyer as follows:

A. Seller is the duly appointed and acting receiver for L&M Video Productions, Inc. pursuant to valid and subsisting orders of the Lucas County Court of Common Pleas.

B. Seller makes no representations concerning actions, suits, or claims pending against L&M Video Productions, Inc. nor any affirmative representation concerning the condition of the assets or operation of the business of L&M Video Productions, Inc., the same being sold by Seller "as is" and "where is", pursuant to Seller's authority as receiver, for L&M Video Productions, Inc.

C. From the date of this Agreement through the Closing, insofar as circumstances allow, Seller shall maintain the television station in accordance with good engineering practices and in compliance with the rules and regulations of the FCC; shall conduct the business of the station in the usual manner; shall exercise good faith and due diligence in the operation of the

station in accordance with the terms of its licenses; shall keep all of the assets of Seller in their present state of repair and operating efficiency and shall use his best efforts to preserve the business organization intact, and to preserve the good will of L&M Video Productions, Inc. and the station, its listeners or viewers, advertisers, and others having business relations with such Seller and station all subject to the ongoing availability of operational funding as set forth above.

D. Seller has the legal power and right to enter into and perform this Agreement as receiver for L&M Video Productions, Inc. and the consummation of the transactions contemplated by this Agreement will not violate any provision of law or Order of the Court. To the extent that either Buyer or Seller deems advisable, Seller will obtain the specific approval of the Lucas County Court of Common Pleas for the consummation of this transaction.

E. Seller, as of closing, shall be in a position to transfer good and marketable title to all of the properties, assets, and rights to be delivered by him to Buyer free of all liens, charges and encumbrances, except (1) taxes constituting a lien but not yet due and payable; (2) defects or irregularities of title or encumbrances which are not such as to interfere materially with the operation or use of the properties, assets and rights; or to reduce materially the value of any such properties, asset or right; or to affect materially title of such properties or assets; and (3) such rights of lien and/or ownership held by Teletech, Inc. and Ultravision, Inc. which have not then been determined by the Court or settled by the parties.

F. As of the closing, Seller shall hold all licenses necessary for the operation of a

low power television station and such licenses shall be current and in good standing.

## **SECTION EIGHT**

### **CONDITIONS FOR BUYER'S OBLIGATIONS**

The obligations of Buyer under this Agreement are subject to the complete satisfaction of the following conditions on or prior to the closing date, any one or more of which may be waived by Buyer:

A. Buyer shall have received notice in writing, or in any other form satisfactory to Buyer, of the FCC Consent to Assignment to Buyer of the licenses pertaining to the television station operated by L&M Video Productions, Inc.

B. All representations and warranties by Seller which are contained in this Agreement, shall be true as of the date made and on and as of the date of closing.

C. Seller shall have performed and complied with all agreements and covenants required by this Agreement to be performed by it prior to or on the closing date, and by the closing date shall have executed and delivered to Buyer all documents which are required by this Agreement to be delivered to Buyer.

D. Seller shall deliver all equipment, including but not limited to all transmission and other broadcast equipment of Seller in a condition acceptable to Buyer and consistent with this Agreement at the time of Closing.

## **SECTION NINE**

### **CONDITIONS FOR SELLER'S OBLIGATIONS**

The obligations of the Seller under this Agreement are subject to the complete

satisfaction on or prior to the closing date of the following conditions, any one or more of which may be waived by Seller at its option:

- A. All representations and warranties by Buyer which are contained in this Agreement shall be true as of the date made and on and as of the date of closing.
- B. Buyer shall have performed and complied with all agreements and covenants required by this Agreement to be performed by it prior to or on the Closing Date.
- C. If requested by either party, on or before Closing, Seller shall have applied to and obtained from the Lucas County Court of Common Pleas, an order approving the sale of assets as contemplated herein, by Seller to Buyer, ordering, *inter alia* the conveyance of the property described herein free and clear of all liens and encumbrances, except as provided herein.
- D. Current utilities, telephone expenses, rent, taxes, (if any), and any other prepaid expense chargeable to the assets sold shall be pro rated as of the Closing Date.
- E. Buyer does not assume, and shall not be required to pay or otherwise satisfy any liabilities or obligations of Seller except those specifically set forth in this Agreement.
- F. All closing documents, including instruments of conveyance, shall be in form acceptable to Seller and Buyer.

## SECTION TEN

### NOTICES

Any notice, consent, request, claim or other communication pertaining to this transaction shall be in writing, and shall be deemed to have been given if delivered or mailed

by registered or certified mail, return receipt requested, to the address shown for the respective party at the beginning of this Agreement. Such addresses may be changed by any party by notice given in the manner provided above.

#### **SECTION ELEVEN**

#### **ENTIRE AGREEMENT**

This Agreement, together with all exhibits and the documents referred to and incorporated by reference, contains all the terms and conditions agreed upon by the parties with respect to the transaction contemplated in this Agreement, and shall not be amended or modified except by written instrument signed by all of the parties.

#### **SECTION TWELVE**

#### **BINDING EFFECT ON REPRESENTATIVES AND SUCCESSORS**

This Agreement shall be binding upon and inure to the benefit of the representatives, heirs, estates, successors and assigns of the parties.

Nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any person, firm or corporation, other than the parties, their successors and assigns, any benefits, rights or remedies under or by reason of this Agreement.

#### **SECTION THIRTEEN**

#### **COPIES**

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

**SECTION FOURTEEN**

**GOVERNING LAW**

This Agreement shall be governed by and construed under the laws of the State of Ohio.

The parties have executed this Agreement in Toledo, Lucas County, Ohio, on the date set forth above.

  
CORNERSTONE CHURCH, INC.

By: Robert Pitts  
Robert Pitts, Senior Vice President

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Ralph DeNune, Esq., Receiver for  
L&M Video Productions, Inc.

**SECTION FOURTEEN**

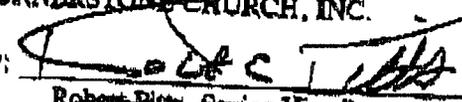
**GOVERNING LAW**

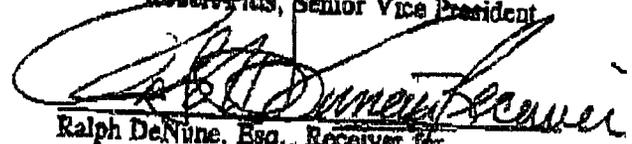
This Agreement shall be governed by and construed under the laws of the State of Ohio.

The parties have executed this Agreement in Toledo, Lucas County, Ohio, on the date set forth above.

CORNERSTONE CHURCH, INC.

By:

  
Robert Pitts, Senior Vice President

  
Ralph DeNune, Esq., Receiver for  
L&M Video Productions, Inc.

**EXHIBIT A**

The property and assets to be transferred under the Purchase Agreement shall include all of the specific items of personal property tangible and intangible ("General Intangibles"), and assets of the low power Class A television station, WNGT-LP TV 48 located in Toledo, Ohio, (the "Station"), and any such or like property related to the Station acquired after the date hereof, together with any and all other property and assets of L & M Video Productions, Inc. which might or might not be used in connection with the Station, including without limitation:

(a) all machinery, equipment, transmitting towers, broadcast studio equipment, program and video and audio libraries or materials, transmitters, antennas, furnishings, microphones, audio equipment, video equipment, audio and video recorders or players whether tape, digital or computerized, tools, and furniture, whether now owned or hereafter acquired by the Grantor or in which the Grantor may now have or hereafter acquire an interest;

(b) All Grantor's rights under any present or future asset purchase agreements, local marketing agreements, time brokerage agreements, or any contracts for the sale or other disposition of air or advertising time, or for the delivery of services related thereto, now in existence or hereafter arising;

(d) All contract rights, network contracts or affiliation rights, instruments, certificates, securities (certificated or uncertificated), cash, franchises, leases, rents, chattel paper, instruments, deposits, choses-in-action, patents, trademarks, copyrights, service marks, trade secrets, trade names, literary rights, rights to performance, call letters and general intangibles, all re-issues, divisions, renewals, extensions, continuations and continuations-in-part thereof, and goodwill associated with any of the foregoing, now in force or hereafter acquired;

(e) All books, records, ledgers, customer lists, correspondence, computer hardware and software, and magnetic or other data storage media pertaining to any of the above-referenced items, whether in the possession of the Grantor or otherwise;

(f) All cash and noncash proceeds and products, including insurance proceeds of, and any indemnity or warranty payable by reason of damage to or loss of, any of the foregoing (the "Proceeds");

(g) All licenses, franchises, permits and authorizations heretofore or hereafter granted or issued to the Grantor under federal, state or local laws (excluding, however, any licenses, franchises, permits and authorizations issued by the Federal Communications Commission ("FCC") with respect to the Stations (the "FCC Licenses") to the extent, and only to the extent, it is unlawful to grant a security interest in such licenses, franchises, permits and authorizations, but including without limitation, to the maximum extent permitted by law, the right to receive all proceeds derived or arising from or in connection with the sale or assignment of such licenses, franchises, permits and authorizations) which permit or pertain to the business of the Grantor with respect to the Stations; and

(h) All Proceeds, accounts receivable ("Receivables"), substitutions or replacements, of, for and to (a) through (g) above, ((a) through (g) and (h).