

PURCHASE AGREEMENT

THIS AGREEMENT, Made this 22nd day of June, 2001, by and between KUZN (FM), Inc., (formerly KVCT (TV), Inc., and d/b/a KUZN-FM), 3972 Magnolia Bend Drive, Livingston, Texas 77351, hereinafter referred to as "Seller" and David J. Cunningham, 2885 IH-10 East, Beaumont, Texas 77702, or his assigns, hereinafter referred to as "Buyer".

NOW, THEREFORE, THIS AGREEMENT, WITNESSETH: That the parties, intending to be legally bound, and subject to the prior approval of the Federal Communications Commission (FCC), mutually agree as follows:

SECTION 1

ASSETS TO BE SOLD

- 1.1 Seller hereby agrees to sell and/or assign to the Buyer, and Buyer hereby agrees to purchase and/or accept assignment of the following:
 - 1.1.1 All of the Seller's real and personal property, including all the transmitting, broadcast and studio equipment, towers, furniture, fixtures, record library, leases, and all other personal property of every kind and description owned by the Seller, used or intended to be used in connection with the operation of KUZN (FM), Centerville, Texas, together with replacements thereof and additions thereto made between the date hereof and Closing Date.

Exhibit A, attached hereto, is an inventory, prepared on _____, of all such tangible personal property.

- 1.1.2 All licenses and authorizations granted by the FCC for the operation of KUZN (FM), including auxiliary broadcast facilities used or useful with KUZN (FM).
- 1.1.3 All contracts for the sale of time on KUZN (FM) in force as of the date of Closing.
- 1.1.4 All rights, titles and interests of Seller in and to the assigned call letters of KUZN (FM), and any service marks, trademarks, copyrights, common law property rights, and other intangible personal property owned by Seller and used by Seller in connection with the operation of Station.
- 1.1.5 All audience surveys, record lists, record sale research, market analysis, manuals of operational procedures, schematics, blueprints, engineering data, and other technical information owned by Seller pertaining to the operation of the Station, Seller's documents and other papers pertaining to the business operations of KUZN (FM), including with limitation, relevant correspondence, books, records, general ledgers, payroll records, advertising contracts, FCC logs, licenses, applications, surveys, data, and the like, excepting those pertaining to the internal affairs of the Seller; provided however, that Seller may retain copies of

those records reasonably necessary for preparation of Seller's business and tax reports and returns.

1.1.6 Excluded Items from the Purchase – No cash, bank deposits, or accounts receivable of Seller are to be sold or assigned hereunder.

1.1.7 All lease agreements pertaining to real and personal property used by KUZN (FM), all contracts and trade agreements, as listed and more fully described in Exhibit C, attached hereto and made a part hereof, and all other contracts for the sale of time on Station.

SECTION 2

PURCHASE PRICE

2.1 Consideration and Payment – In consideration for the sale, assignment, and conveyance to Buyer of the assets listed above, Buyer agrees to pay to Seller the sum of FOUR HUNDRED TEN THOUSAND DOLLARS (\$410,000.00), subject to the following conditions, proration, adjustments, and conveyance costs:

2.1.1 Taxes – All federal, state, and local sales taxes, if applicable to the transaction contemplated hereby, shall be borne by Buyer.

2.1.2 Conveyance Costs – The cost of preparing conveyances and of revenue stamps required to be affixed thereto (if any) shall be borne by Seller. Buyer shall bear the expense of recording any conveyance and of title insurance if purchased by Buyer.

- 2.1.3 Prorations – All prepaid expenses and contracts, all real and personal property taxes and assessments, and all operating expenses for the Station, shall be prorated as of 12:00 Midnight – CDT of the Closing Date.
- 2.1.4 Fees and Expenses – Each party shall pay their own attorney’s fee and expenses, which they initiate, create or incur in connection with the negotiations, preparation and execution of this Agreement, and the filing and prosecuting of the applications to the FCC for its approval of the transactions contemplated herein. Any fees required to be paid to the FCC in connection with the assignment of KUZN (FM) authorizations, shall be borne equally by Seller and Buyer.
- 2.2 Payment of Purchase Price – The purchase price specified in Paragraph 2.1 above, is payable as follows:
- 2.2.1 Deposit at Contract Signing – At the time of contract signing, a FIVE THOUSAND DOLLAR (\$5,000.00) earnest money deposit shall be made in cash or certified funds, and;
- 2.2.2 Promissory Note – At Closing, Buyer shall deliver to Seller a promissory note (the “Note”) in the form attached hereto as Exhibit D. The note, in the principal amount of FOUR HUNDRED TEN THOUSAND DOLLARS (\$410,000.00) shall provide for interest at the rate of 8-1/2% per annum during the term of the note. Payment of the amounts, which shall include principal and interest,

shall be due on or before the dates specified in the note. Note payments are to be made as follows:

- (a) Fifty-nine (59) equal monthly payments of principal and interest in the amount of FOUR THOUSAND DOLLARS (\$4,000.00) each due and payable on the 15th day of each month with the previously made deposit of FIVE THOUSAND DOLLARS (\$5,000.00) to be applied toward the first two payments;
- (b) One balloon payment in the sixtieth (60th) month for the accrued interest and principal balance remaining due and payable on the note;
- (c) The Note shall provide that the outstanding balance under the Note shall become due and payable on the date of sale of all or substantially all of the assets of the Station or the assignment of the Station License or the sale of a majority of the stock of Buyer such that Commission consent to a transfer of control is required.

2.2.3 Security Documents – Payment of the Note shall be secured by a security interest in the Personal Property, Contracts, Accounts Receivable, Promotional Rights, Assets, and Intangible Property transferred pursuant to this Agreement, but not including any

licenses issued by the Commission, and by a pledge of all of the issued and outstanding stock of Buyer. The security interest shall be created by a Security Agreement in the form attached hereto as Exhibit E and shall be evidenced by such financing statements (Form UCC-1) as may be required to perfect such security interests. The stock pledge shall be created by a Stock Pledge Agreement in the form attached hereto as Exhibit F. The foregoing instruments are collectively referred to herein as the “Security Documents”.

- 2.3 Closing Date – The purchase and sale of the Station and assets provided for in the paragraphs above (the “Closing”), shall be consummated at the offices of Seller, within ten (10) days after the date upon which the consent to the assignment to the Buyer of the FCC authorization (as defined in Section 7) by the FCC, or at such other place and such other time as shall be agreed upon by the parties hereto (such date and time being hereinafter called the “Closing Date”). This entire contract and all parts thereof is to be performed in Polk County, Texas.

SECTION 3

ADJUSTMENTS TO PURCHASE PRICE

- 3.1 The portion of the Purchase Price to be paid by Buyer, from the previously made deposit, on the Closing Date, shall be subject to the following adjustments made as of the Closing Date:

3.1.1 There shall be deducted from the amount due from Buyer at Closing, an amount equal to the sum of all accrued but unpaid obligations of Seller as of the Closing Date, if any, including (i) rent on both real and personal property, and fuel, telephone, and other utilities; (ii) salaries and wages (including accrued vacations) to those employees whom Buyer desires to continue to employ; (iii) real estate taxes, including sewerage assessments or fees; (iv) obligations in connection with contracts or leases which Seller has agreed to assign to the Buyer and which Buyer has agreed to assume; and (v) all other debts and liabilities accrued but unpaid and incurred in connection with the business prior to or on the Closing Date, except those expressly assumed by Buyer as set forth in this Agreement.

SECTION 4

ASSUMPTIONS

4.1 The Buyer covenants and agrees to assume the leases, contracts, and agreements that are to be assigned by the Seller to the Buyer, which are listed in Exhibit C, attached hereto, or otherwise provided for in this Agreement, and to pay liabilities arising there under and with respect thereto from and after Closing Date as and when the same may be due, and on Closing Date Buyer will execute all requisite assumption agreements.

SECTION 5

REPRESENTATION, WARRANTIES

AND COVENANTS OF THE SELLER

- 5.1 Exhibit A, attached hereto, as it will be supplemented pursuant to Section 1.1.1 hereof, accurately lists all personal property currently owned by the Seller and to be conveyed to the Buyer. On Closing Date, Seller will convey to Buyer all good and marketable title, free and clear of all liens and encumbrances, to all of said personal property, together with all other items of personal property, which have been purchased by the Seller between the date of this Agreement and the Closing Date.
- 5.2 Seller is the holder of the license issued by the FCC for or in connection with the operation of KUZN (FM). Said license is a validly existing authorization for the operation of the facilities described therein under the Communications Act of 1934, as amended, and the Rules and Regulations of the FCC. There is not, to Seller's knowledge, now pending any action by the FCC to revoke, refuse to renew, or modify any of such license(s) and other authorizations. With FCC permission, KUZN (FM) is currently off the air but may return without prior authorization from the FCC.
- 5.3 Exhibit C, attached hereto, accurately describes all of the leases and agreements to which the Seller is a party except for contracts for the sale of time for cash on Station. Seller has duly performed all of its obligations under said leases and will continue to perform its obligations there under, and on Closing Date there will be no default against Seller or any just

cause for notice of termination existing with respect to any of said leases. Said leases will be assigned on the same terms and conditions as Seller now enjoys, or on terms and conditions acceptable to the Buyer. The leasehold interests under said leases will, at the time of Closing, be marketable and insurable and free and clear of all encumbrances and liens against Seller and in full force and effect with further amendment. All real property conveyed herein is owned by Seller, and on Closing Date, will be clear of any liens, and none of the real property being conveyed by the Seller is subject to any zoning regulation which would materially and adversely effect the purpose for which said property is presently being used by Seller.

- 5.4 KUZN (FM and its physical facilities, electrical and mechanical systems, and transmitting equipment are, and at Closing will be, to the best of Seller's belief, capable of being operated in accordance with accepted standards of Good Engineering Practice, the terms of the KUZN (FM) FCC authorizations and the Rules and Regulations of the FCC.
- 5.5 Except for contracts for the sale of time on Station which are for cash, there are no contracts to which the Seller is a party and which may be binding upon the assets to be sold, other than the contracts set forth in Exhibit C, attached hereto. There are no creditors or accounts payable, other than those listed on Exhibit G, attached hereto.
- 5.6 All of the buildings, premises, transmitter site, towers and equipment owned or leased by Seller and used in connection with the operation of the

building and KUZN (FM) on Closing Date, to the best of Seller's belief, will be capable of being placed in operating condition and will conform with all building, zoning, and other laws and regulations relating to such use, and the towers, transmitter, and guy wires are and will be located totally on the site or sites leased or owned by the Seller.

- 5.7 Seller now has in force fire and liability insurance covering the assets to be conveyed. Seller will maintain said insurance in full force until the Closing Date, and will pay all premiums due in connection therewith.
- 5.8 Exhibit C, attached hereto, accurately sets forth as of the date hereof, all of the trade or merchandise deals and all contracts or commitments for the sale of radio time for consideration other than cash, including a statement showing how much is presently due and owing to the Seller by way of goods and services and how much time the Seller currently owes in connection with each such trade deal. Prior to Closing, Seller shall make a good faith effort to run off as much of time owed as possible. At Closing, Buyer will accept and assume trade or merchandising deals listed in Exhibit C, attached hereto, not in excess of an aggregate of Two Thousand Five Hundred Dollars (\$2,500.00) of time, not run off before the Closing Date.
- 5.9 At Closing Date, all returns and reports concerning franchise taxes, sales taxes, unemployment insurance, withholding and payroll taxes, personal property taxes, Social Security, and other reports required to have been filed by the Seller prior to the Closing Date relating to the assets to be

transferred pursuant to any law or regulation, shall have been duly filed, and all taxes, interest and penalties which are due to any taxing authority; federal, state or local, with respect to any tax period ending prior to Closing Date, shall have been duly paid or arrangements will have been made to pay the same when due subsequent to Closing, or an adjustment to the purchase price will be made in accordance with Section 3.

- 5.10 At Closing, KUZN (FM) will be in substantial compliance with all applicable federal, state and local laws, ordinances and regulations. There is now, and at Closing there will be, no litigation proceeding or investigation of any nature not covered by insurance pending or to the knowledge of the Seller threatened against KUZN (FM) which would materially and adversely effect the assets to be sold or licenses to be assigned there under; nor is there, or will there be at Closing, any judicial, administrative or other proceeding, including without limitation, any governmental investigation pending or to the knowledge of the Seller threatened which could result in the revocation, modification or suspension of the license of any administrative sanction which might materially and adversely effect the assets to be sold and assigned hereunder or the ability of the buyer to own and operate KUZN (FM).
- 5.11 Seller has, in the conduct of the affairs of KUZN (FM), complied substantially with applicable laws, rules, regulations and agreements relating to the employment of labor, including but not limited to those relating to wages, hours, collective bargaining, discrimination, and the

payment of Social Security and similar taxes. There are now, and Closing there will be, no controversies pending or threatened between Seller and any of its employees. On the Closing Date, Seller shall have paid to, or on behalf of all employees, all wages and other benefits, if any, which they are obligated to pay and which are then due and payable, and shall have given all appropriate notices to said employees.

5.12 All ownership reports and other documents required to be filed by the Seller with the FCC with respect to KUZN (FM) have been filed, and all such reports, applications and documents are true and correct in all material respects. Seller will file all ownership reports and other documents required to be filed between the date of this Agreement and the Closing Date, and such reports and documents will be true and correct in all material respects.

5.13 No voluntary or involuntary petition in bankruptcy, receivership, insolvency or reorganization with respect to the Seller, or petition to appoint a receiver or trustee of the Seller's property, has been filed by or against the Seller, nor will Seller file such petition prior to Closing Date, and if such petition is filed by others, the same will be discharged prior to Closing and within thirty (30) days from the date of such filing. Seller has not and at Closing Date will not have made any assignment for the benefit of its creditors, or admitted in writing its insolvency or that its property at fair valuation will not be sufficient to pay its debts, or permitted any judgment, execution, attachment or levy against them or against any of its

properties to remain outstanding or unsatisfied for more than thirty (30) days.

- 5.14 No representation or warranty made by Seller in this Agreement or any statement or certificate furnished or to be furnished by the Seller to Buyer pursuant thereto, 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 material fact necessary to make the statements contained therein not misleading.

SECTION 6

INSPECTION OF FACILITIES OF STATION

- 6.1 Seller shall promptly, upon execution of this Agreement, make the premises and facilities of KUZN (FM) available to Buyer for reasonable inspection.

SECTION 7

APPLICATION TO AND CONSENT BY FCC

- 7.1 Consummation of the purchase and sale provided for herein is conditioned upon the FCC having given its consent in writing to the assignment from Seller to Buyer of all FCC authorizations of Seller relating to the operation of KUZN (FM). Notwithstanding the above, the parties hereby agree to use their best efforts to consummate this Agreement prior to the end of the calendar year, 2001.

- 7.2 Seller and Buyer agree to use their best efforts and to cooperate in good faith with each other in seeking the FCC's approval of the transactions contemplated hereunder. Each party agrees to prepare and file with the FCC, within fifteen (15) days of the date of this Agreement, all applications, including waiver requests necessary to obtain such approval, and all information, surveys, data, exhibits, resolutions, statements and other material necessary and proper in connection with such applications. Each party further agrees to expeditiously prepare and file amendments to its respective portions of the application whenever such amendments are required by the FCC or its rules. The failure of either party to supply information requested by the Commission in connection with the processing of this application, in timely fashion, shall constitute a material breach of this agreement by said party.
- 7.3 Should the FCC deny the application filed pursuant to this Section, this Agreement shall be terminated without liability on the part of either party to the other. Provided, however that neither party shall otherwise be in material breach of its obligations under this Agreement.
- 7.4 Except as otherwise provided, either party, at its option, may terminate this Agreement by written notice to the other party and without liability to the other party, at any time after six (6) months after the acceptance by the FCC of the applications required herein; if final approval of said applications has not been granted by the FCC within that time provided, then such notice shall be given before final approval of said applications.

Provided, however, that the party giving such notice shall not otherwise be in material breach of this Agreement.

- 7.5 Upon the occurrence of any of the events which would ordinarily entitle a party to terminate this Agreement without liability under the provisions of Section 8 hereof, if such event shall have arisen by reason of any willful act or omission of either Seller or Buyer in the preparation or prosecution of such applications, then Seller or Buyer, as the case may be, shall be in default and the pertinent provisions of Section 15 shall be applicable.

SECTION 8

CONDITIONS FOR CLOSING

- 8.1 The obligations of the Buyer under this Agreement is, at his election, subject to the satisfaction on or prior to Closing Date, of each of the following express conditions precedent:
- 8.1.1 The final approval of the FCC as provided in Section 7.1.
- 8.1.2 All of the representations, warranties and covenants made by the Seller shall be true and correct in all material respects as of the Closing Date with the same force and effect as if made on that date.
- 8.1.3 There shall not be pending or threatened on Closing Date any action by the FCC to revoke, refuse to renew, or modify to Buyer's material detriment any of the license(s) and authorizations issued by the FCC for the operation of KUZN (FM), and KUZN (FM)

shall, on Closing Date, be in material compliance with said license(s).

8.1.4 On Closing Date, all those contracts listed in Exhibit C, attached hereto, shall be valid and existing and in full force and effect, and there shall be as of such date no default by Seller of said contracts.

8.1.5 On Closing Date, KUZN (FM) shall be in material compliance with the specifications of its license and all of the Rules and Regulations of the FCC.

8.1.6 On Closing Date, Seller's transmitting and broadcast equipment shall be in operating order and condition, and shall be in material compliance with all requirements and standards prescribed by the FCC for KUZN (FM). Buyer acknowledges that the Station is currently off the air and pledges to return the station to the air within thirty (30) days of Closing.

8.1.7 On Closing Date, no judicial, administrative, or other proceeding, including without limitation any government investigation, shall be pending or to the knowledge of Seller threatened, which could result in the revocation, modification to Buyer's material detriment, or suspension of the license(s) of KUZN (FM), or the issuance or imposition of any administrative sanction which might materially adversely effect the assets to be sold and assigned and license(s) to be assigned hereunder or the ability of the Buyer to own, operate, or be the licensee of KUZN (FM).

- 8.1.8 Prior to Closing Date, Seller shall have made available to Buyer for Buyer's inspection and approval, all leases, contracts, and agreements that are to be assigned by the Seller to the Buyer and whose unperformed obligations accruing from and after the Closing Date are to be assumed by the Buyer.
- 8.1.9 The representations and warranties of Buyer as set forth in this Agreement, shall be true and correct in all material respects on and as of the Closing Date with the same effect as if made on and as of the Closing Date.
- 8.1.10 Buyer shall have performed and complied with all the agreements, obligations, and conditions required by this Agreement to be performed or complied with by him, prior to or at the Closing Date.

SECTION 9

BUYER'S REPRESENTATIONS AND WARRANTIES

- 9.1 Buyer's Representations and Warranties – Buyer represents, warrants, and covenants to Seller as follows:
- 9.1.1 Buyer at the time of filing the FCC Application, will be legally, financially, and otherwise qualified, and at the Closing Date will be qualified to hold the license of Station and to own and operate Station under the Communications Act of 1934, as amended, and the rules and policies of the FCC.

- 9.1.2 Buyer's Authority – The execution and delivery of this Agreement and all related documents and the consummation of the purchase of Station provided for herein have been duly and validly authorized by persons possessing authority to grant such authorization.
- 9.1.3 Disclosure – No representation or warranty made by Buyer in this Agreement, or any statement or certificate furnished to, or to be furnished by Buyer to Seller pursuant hereto, or in connection with the transaction contemplated hereby, contains or will contain, any untrue statement of material fact, or omits, or will omit, to state a material fact necessary to make the statements contained therein not misleading.
- 9.1.4 Assumption – Buyer hereby agrees to assume all of those leases, contracts and obligations of Seller listed in Exhibit C, and contracts for the sale of time on Station, as of the Closing Date.

SECTION 10

CONDUCT OF BUSINESS PRIOR TO CLOSING

- 10.1 Operations – Seller shall, from the date of this Agreement until Closing Date, conduct the business of KUZN (FM) in a careful and prudent manner consistent with the normal operation of commercial broadcast stations and in accordance with the rules and regulations of the FCC. Seller shall use its best efforts to preserve and promote such business and to avoid any act which may have a material adverse effect upon the value

of the asset to be transferred and the business of KUZN (FM) and to preserve for KUZN (FM) the goodwill of its listening audience and advertisers and others transacting business with them. Seller shall not change the character of KUZN (FM) or the types of programs it presently broadcasts without first advising and consulting with Buyer.

10.2 Maintenance of Equipment – Seller shall maintain all of the real property owned or leased by them and the structures and improvements thereon, and all of the tangible personal property, including broadcast and building equipment, towers, transmitter, etc., and other items to be sold and assigned so that when the same are delivered to the Buyer they will meet all of the warranties set forth in Section 5 hereof, normal wear and tear excepted. Seller may substitute personal property of a like nature and value for personal property listed in Exhibit A, attached hereto, but this provision is only intended to permit substitution in the course of normal maintenance and repair.

10.3 Agreements – Seller shall duly perform all of the obligations on Seller's part to be performed under the contracts and agreements to be assigned to the Buyer and listed in Exhibit C hereof, and shall not amend or terminate the same or enter into any new contracts (excluding contracts for sale of time for cash and for the purchase of supplies in the ordinary course of business), which Seller shall elect to require Buyer to assume and which do not, by their terms, expire or are cancelable on Closing, without the

prior written consent of the Buyer, which consent Buyer may not unreasonably withhold.

- 10.4 Trade Deals – Between the date hereof and Closing Date, the Seller shall not enter into any trade out or merchandising agreement or other agreement requiring the delivery of broadcast time for consideration other than cash, or renew or extend any existing trade out or merchandising agreements other than in the normal course of business, without the prior written consent of the Buyer. Seller shall not maintain a negative trade balance in excess of \$2,500.00. To the extent that Buyer gives his consent under this Paragraph, Buyer will then assume the obligation of providing broadcasting time subsequent to the closing in connection with such trade or merchandising deals, provided that all credits from the trade out remain with the Radio Station and are transferred to the Buyer.
- 10.5 Disposition of Physical Assets – Seller will not, prior to Closing Date, dispose of any of the material physical assets to be assigned hereunder other than in the ordinary course of business. Seller shall replace any such material physical assets thus disposed of with assets of equal quality and usefulness. Prior to the Closing Date, Seller shall provide to Buyer a copy of the inventory set out as Exhibit A hereto, marked clearly to identify and describe each item of tangible personal property disposed of or acquired, from the date Exhibit A was prepared through the Closing Date.
- 10.6 Preservation of Books and Records of Station – Seller will keep and preserve all of the books and records relating to the operations of KUZN

(FM) so that the same will be available to the Buyer upon Closing, including but not limited to: business records of past accounts since the commencement of Station operations, or the past three years, whichever is longer; copies of all past FCC applications; engineering records; and wage records for past and present employees.

- 10.7 Personnel - Except in the ordinary course of business Seller will not increase the compensation payable or to become payable to any of the employees of KUZN (FM), or effect any unusual change in employee benefits or personnel practices or enter into any written employment contract which does not expressly provide that it can be canceled and terminated on Closing Date.

SECTION 11

ACCESS TO INFORMATION

- 11.1 Seller shall accord access during normal business hours prior to Closing to Buyer's officers, counsel, accountants, engineers, and other representatives, to all the Seller's physical properties, programming, technical, and sales records, accounting records which pertain exclusively to KUZN (FM), and shall furnish Buyer, during such period, with all information concerning operation of the Station that Buyer may reasonably request. Except as specifically provided by the foregoing, Buyer shall not have access to Seller's accounting books and records. Any and all information, disclosures, knowledge or facts regarding Seller

and its operations and properties derived from or resulting from Buyer's access to Seller's property, and records under the provisions of this Paragraph and this Agreement, shall be kept strictly confidential and shall not be divulged, disclosed or communicated by Buyer to any other person, firm, corporation or entity except Buyer's consultants, agents, employees, attorneys, and accountants; provided, however, that this provision shall not apply after Closing to information, disclosures, knowledge or facts relating solely to the operation of Station. Any copies of, or extracts from Seller's records, made by or under this Agreement, shall be returned immediately to Seller if for any reason the sale of Station provided for in this Agreement is not consummated on the Closing Date. Nothing in this Agreement is to be interpreted as giving Buyer any voice or control over the operation and programming of Station; that responsibility is to remain with Seller until Closing.

SECTION 12

INDEMNIFICATION

- 12.1 Seller will indemnify and hold the Buyer harmless against and in respect of all claims or liabilities of any nature arising out of the operations of KUZN (FM) prior to the Closing, or arising out of any transaction entered into by the Seller or any statement of facts occasioned by the Seller prior to Closing; any and all liabilities, obligations, claims, and demands arising out of the operation of the Station (including any claims related to

compliance with FCC rules and regulations), or arising after Closing as a result of any activities conducted by Seller, except with respect to those obligations which the Buyer has assumed.

12.2 Should any claim covered by the foregoing indemnity be asserted against Buyer, Buyer shall notify Seller promptly and give them an opportunity to defend the same and Buyer shall extend reasonable cooperation to Seller in connection with such defense. In the event that Seller fails to defend the same within a reasonable time, Buyer shall be entitled to assume, but need not assume, the defense thereof and Seller shall be liable to repay Buyer for all damages suffered by Buyer and all of his expenses reasonably incurred in connection with such defense (including reasonable attorney fees and settlement payments).

12.3 Indemnification by Buyer – Buyer shall indemnify and hold harmless Seller against and in respect of:

12.3.1 Operations Subsequent to Closing – Any and all liabilities, obligations, claims, and demands arising out of the operation of the Station (including any claims related to compliance with FCC rules and regulations) or the Buyer's ownership of the property or access thereto, or any other contracts or operations of Buyer or of Seller that are assumed by Buyer after the Closing Date, or any breach by Buyer of this Agreement, or any inaccuracy in or breach of any representation, warranty or covenant made by Buyer herein.

12.3.2 Defense – Should any claim covered by the foregoing indemnity be asserted against Seller, Seller shall notify Buyer promptly and give him an opportunity to defend the same, and Seller shall extend reasonable cooperation to Buyer in connection with such defense. In the event that Buyer fails to defend the same within a reasonable time, Seller shall be entitled to assume, but need not assume, the defense thereof and Buyer shall be liable to repay Seller for all damages suffered by Seller and all of its expenses reasonably incurred in connection with such defense (including reasonable attorney fees and settlement payments).

SECTION 13

RISK OF LOSS

13.1 The risk of loss or damage to the assets to be conveyed hereunder by fire, theft, breakage, explosion, earthquake, accident, flood, rain, storm, riot, act-of-God, or public enemy or otherwise prior to Closing Date is assumed by the Seller, and in any case if any such loss or damage occurs, Seller shall promptly take all reasonable steps to rebuild, replace or repair and such damaged property at its own cost and expense. If as a result of such loss or damage, Seller is unable to rebuild, replace or repair the damaged property on or before Closing Date, then (i) Seller will join with the Buyer in an application to the FCC for a reasonable extension of time to close this transaction to permit Seller to rebuild, replace or repair the damaged

property; or (ii) Buyer may require Seller to tender to the Buyer, in lieu of rebuilding, replacing or repairing damaged property, the proceeds which they have received from insurance companies for such loss or damage. If, at Closing such loss or damage materially and adversely effects the technical operation of KUZN (FM), in the reasonable opinion of Buyer's consulting engineer the Buyer shall alternatively have the right to terminate this Agreement without liability.

SECTION 14

OBLIGATIONS AT CLOSING

- 14.1 Buyer's Performance at Closing – At the time of Closing, Buyer will:
- 14.1.1 Pay to Seller the purchase price in the manner described in Section 2.
 - 14.1.2 Execute and deliver to Seller an Agreement for the collection of Accounts Receivable on behalf of Seller (Exhibit H).
 - 14.1.3 Execute such documents as may be required for Buyer to assume the contracts, leases and other agreements of Seller as provided herein.
 - 14.1.4 Execute, together with Seller, a joint release of the escrow funds, if any, and the disbursement thereof as provided herein.

14.2 Seller's Performance at Closing - At the time of Closing, Seller will:

14.2.1 Deliver to Buyer the FCC authorizations together with such assignments of the same as Buyer may reasonably require.

14.2.2 Deliver to Buyer deeds or other documents in form and substance satisfactory to counsel for Buyer, conveying the interests of real property described in Section 1, from Seller to Buyer, showing said real property to be in compliance with zoning ordinances, restrictions, and easements of record, and taxes and assessments not yet due and payable.

14.2.3 Deliver to Buyer a bill of sale in form and substance acceptable to counsel for Buyer, selling and assigning good and marketable title to all tangible personal property described in Exhibit A, free and clear of all claims and encumbrances.

14.2.4 Deliver to Buyer such assignments and further instruments of conveyance as Buyer may reasonably require to effectuate the assignment from Seller to Buyer of the assets described herein.

14.2.5 Deliver to Buyer the files, records, logs, etc., referred to herein.

SECTION 15

DEFAULT AND TERMINATION

15.1 Seller's Remedies Upon Buyer's Default – Buyer recognizes that Seller's property to be sold hereunder will be removed from the market during the existence of this Agreement and that if the transaction provided for in this

Agreement is not consummated as a result of Buyer's default, Seller would be entitled to compensation, the extent of which is extremely difficult and impractical to ascertain. To avoid this problem, the parties agree that if this Agreement is not consummated due to the default of the Buyer, Seller, provided that Seller is not in default, shall be entitled to the liquidated damages in the amount of FIFTY THOUSAND DOLLARS (\$50,000.00).

15.2 Buyer's Remedies Upon Seller's Default – The assets and property to be transferred under this Agreement are unique and cannot be readily purchased and sold in the open market; and, for that reason, among others, the Buyer would be irreparably injured in the event of a failure of consummation of this Agreement and the damages, therefore, would be highly difficult, if not wholly impossible, to ascertain. It is, therefore, agreed that if Seller shall wrongfully fail or refuse to settle in accordance with the terms of this Agreement, the Buyer shall have the right to institute an action for specific performance of this Agreement, and Seller hereby waives and agrees to waive any claim or defense that specific performance is not an appropriate remedy. If Seller has breached any material term of this Agreement other than a refusal or willful failure to consummate this Agreement, Buyer may pursue all remedies and rights afforded him under the law. The rights conferred by the above sentence may not be exercised unless Buyer has given Seller thirty (30) days written notice of the specific nature of the breach and Seller has failed to correct it within that period.

SECTION 16

SURVIVAL OF WARRANTIES

- 16.1 All representations, warranties, and covenants made by the parties in this Agreement shall be deemed made for the purpose of inducing the other to enter into this Agreement, and shall survive Closing and remain operative in full force and effect, regardless of any investigation at any time made by either, and shall not be deemed merged into any document or instrument executed or delivered at the Closing; provided, however, that the representations and warranties of Seller pertaining to the state of repair and operating condition of the equipment shall expire six (6) months following the Closing Date.

SECTION 17

BROKERS

- 17.1 Buyer and Seller hereby acknowledge that no Broker is involved in this transaction and no brokerage fee is due or payable to any Broker.

SECTION 18

NOTICES

- 18.1 Notices shall be sent to Seller, KUZN (FM), Inc. at its address of 3972 Magnolia Bend Drive, Livingston, Texas 77351.

18.2 Notices shall be sent to Buyer at his address of 2885 IH-10 East, Beaumont, Texas 77702.

SECTION 19

MISCELLANEOUS

- 19.1 This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns.
- 19.2 This Agreement contains all of the terms and conditions agreed to between the parties, and there are no oral agreements relating to the transactions covered hereby.
- 19.3 The parties hereto agree to execute and deliver such other and further instruments and documents as may be necessary to implement and effectuate the terms of this Agreement.
- 19.4 Any prior agreement between the parties or other respective affiliates with respect to the subject matter hereof, shall be of no further force and effect, and to the extent of any such prior agreements, this Agreement shall be deemed a novation, good and sufficient consideration for which is acknowledged by all parties hereto.
- 19.5 This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and performed in Polk County, Texas.
- 19.6 If Buyer forms a corporation to acquire the assets prior to Closing, they hereby guarantee the performance of the corporation pursuant to the terms of the Agreement.

- 19.7 The headings of the sections of this Agreement, where employed, are for convenience of reference only and do not form a part hereof and in no way modify, interpret or construe the meaning of this Agreement.
- 19.8 This Agreement sets forth the entire understanding of the parties with respect to the subject matter hereof; it incorporates and merges any and all previous communications and/or understandings, oral or written, and cannot be amended or changed except in writing signed by all parties hereto. As used herein, the word "Agreement" refers to this document and all exhibits attached hereto. If any part of any provision of this Agreement or any other agreement, document or writing given pursuant to or in connection with this Agreement shall be invalid or unenforceable under applicable law, such part shall be ineffective to the extent of such invalidity or unenforceability only, without in any way affecting the remaining parts of such provisions or the remaining provisions of said agreement.
- 19.9 This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which together will constitute the same instrument.

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

Seller

By: _____

Gerald R. Proctor, President

KUZN (FM), Inc.

Buyer

By: _____

David J. Cunningham

