

3. **CONDITIONS TO PURCHASER'S OBLIGATIONS.** The Purchaser's obligation to consummate the purchase of the stock upon terms set forth in this Agreement shall be expressly conditioned upon the delivery, performance and fulfillment of the following matters:

- a. The approval by the FCC of the transfer of the stock ownership in Companies to Purchaser.

All of the representations and warranties of the Seller made in this Agreement or to be made in connection with this transaction shall be true and correct in all material respects on the closing date, the Seller shall not be in default hereunder, and the Seller shall have performed all of her obligations with respect to this transaction.

4. **SELLER'S DELIVERIES AT THE CLOSING.** Sellers will deliver to Purchaser the following instruments and executed documents, in form and content satisfactory to the Purchaser and his counsel:

- a. Properly endorsed stock certificates or a stock transfer instrument for the 3100 shares of common stock of AM 1020, Inc., and 3100 shares of common stock of FM 103, Inc.;
- b. Resignations by Seller and all other parties of all positions with the Companies, including positions as Directors or Officers;
- c. An opinion letter from Seller's counsel that (i) the Companies are corporations duly organized, validly existing and in good standing under the Laws of the State of South Carolina and have full corporate power and authority to carry on their business as now conducted and to enter into transactions agreed to herein and shall furnish evidence of such authority; (ii) to the best knowledge of counsel for Sellers, after due inquiry, that there is no pending or threatened litigation, investigation, administrative proceeding or claim against the Companies that will, or in reasonable likelihood may, prevent or delay the consummation of this transaction; and (iii) there is issued and outstanding 3100 shares of common stock of AM 1020, Inc., and 3100 shares of common stock in FM 103, Inc., and those shares represent all of the issued and outstanding shares in the Companies.
- d. Certificates of good standing and tax clearance from the State of South Carolina, dated within 15 days of the Closing date.
- e. Such other instruments and documents as may be reasonably required to fulfill the Seller's obligations herein.

5. **REPRESENTATIONS AND WARRANTIES OF SELLER.** The Seller represents and warrants to Purchaser, and this Agreement is made expressly conditioned upon representations and warranties:

- a. Organization and Standing. The Companies are duly authorized, validly existing and in good standing as corporations under the laws of the State of South Carolina and have all the corporate powers necessary to engage in the business in which they are presently engaged.
- b. Title to Assets. Seller has good and marketable title to the stock,

free and clear of liens or encumbrances of any kind, and no person, firm or corporation, including federal, state, county, or municipal governments, has any undisclosed adverse interest therein and there shall be no existing impediment to the sale and transfer of such shares to Purchaser. The Companies have good and marketable title to all assets (as listed and as annotated on Exhibit B, including accounts receivable, which is made apart hereof), free and clear of liens or encumbrances of any kind, and no person, firm or corporation, including federal, state, county or municipal governments, has any undisclosed adverse interest therein.

- c. Contracts and Leases. Seller has disclosed all existing contracts or commitments under which the Companies have an obligation and which extend beyond the closing hereunder. The existing contracts, other than contracts for the sale of broadcast time entered in the ordinary course of business, are listed on Exhibit C which is incorporated herein.
- d. Stock Restriction. Companies has authorized capital stock consisting solely of shares of common stock of which 3100 shares are issued and outstanding in AM 1020, Inc., and 3100 shares of common stock are issued and outstanding in FM 103, Inc., and no outstanding shares offered for sale by Seller are subject to any voting trust agreement or any other agreement relating to the voting thereof or restricting in any manner the sale or transfer thereof.
- e. No Violation. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby does not and will not conflict with or result in any violation of any term or condition of the Articles of Incorporation or Bylaws of the Companies or any requirement of law or any governmental or judicial authority.
- f. The Companies do not and will not have as of the Closing Date, any material liabilities not otherwise disclosed herein and Companies are not in default in the payment of any of their obligations. The Seller represents and the Purchaser acknowledges that as of the date of this Agreement the Companies have outstanding payables as listed on Exhibit D. One week prior to Closing, Seller will provide Purchaser with an updated list of accounts receivable and payables of the Companies for this review. All other payables of the Companies not listed or disclosed shall be the responsibility of Seller following Closing.
- g. Between the date hereof and the closing date, the Companies will not pay or declare any dividends or make any distribution in respect of, or issue, purchase or redeem, any of their outstanding capital stock or any securities that evidenced the right to purchase, or that are convertible to, common stock.
- h. Litigation. There is no known litigation or proceeding pending, or to the Seller's knowledge threatened, against or relating to the Companies or Seller individually, which would restrict the right of Seller to deliver clear title to the stock and to consummate the transactions described in this Agreement, nor does the Seller know or have reasonable grounds to know of any basis for any such pending or threatened action before any federal, state, or municipal government, or any department, board, body or agency thereof.

- i. Insurance. Companies currently maintains various insurance policies including policies of fire and liability. Such policies are in amounts and provide coverage customarily maintained by similar businesses similarly situated and are in full force and effect on date hereof.
- j. Financial Information. The Companies' income statement and balance sheet for the month ending prior to the month in which the closing took place and furnished by Seller to Purchaser for examination prior to the closing, is true, accurate and complete as of the date hereof, there have been no materials changes in said income statement which have a significant adverse effect on the financial condition of the Companies. Furthermore, within ten (10) calendar days prior to the Closing date, Seller will furnish Purchaser a current income statement and balance sheet.
- k. Receivables. The current list of receivables is listed on Exhibit E are acceptable "as is" by Purchaser. Seller will furnish Purchaser a current list of receivables ten calendar days prior to Closing. Companies will continue to bill and collect their receivables and pay their payables in the same fashion as was their practice prior to the signing of this Agreement.
- l. FCC Compliance. Companies to the best of Seller's knowledge and belief current in compliance with all FCC rules and regulations and Seller possesses valid station licenses for WANS(AM), WRIX(AM), and WRIX-FM. Should the stations be deficient in any manner with FCC rules or regulations, including their public inspection files, Seller will correct any deficiencies, and to the extent feasible, will correct the deficiencies prior to Closing.
- m. Taxes. There are no delinquent assessments, or amounts outstanding, for local, state or federal taxes, including sales and use taxes and payroll taxes, which will affect the stock or the assets of the Companies, nor will any such liability be imposed upon Purchaser as a result of this transaction.
- n. Compliance with Law. The Companies and their operations have been conducted in compliance with and conformed to all applicable laws and regulations.
- o. Solvency. To the best of Seller's knowledge and belief the Companies are not in the hands of a receiver, there is no application for receivership pending and no proceedings are pending or threatened by or against the Companies for bankruptcy or reorganization in any state or federal court.
- p. Disclosure. No representation or warranty by Seller contained in this Agreement or any statement furnished to Purchaser pursuant hereto, contains or will contain any untrue statement of a material fact, or omits to state any material fact necessary to make the statement contained herein true and not misleading.
- q. Reliance. The foregoing representations and warranties have been made by Seller with the knowledge and expectation that Purchaser is placing complete reliance thereon, and all such representations and warranties shall survive the closing, and shall be deemed to be reaffirmed by the Seller at Closing.

6. REPRESENTATIONS AND WARRANTIES OF PURCHASER. The Purchaser

represents and warrants to Seller, and this Agreement is made and expressly conditioned upon the following representations and warranties:

- a. Solvency. To the best of Purchaser's knowledge, the Purchaser is solvent, is not in the hands of a receiver, there is no application for receivership pending and no proceedings are pending or threatened by or against the Purchaser for bankruptcy or reorganization in any state of federal court.
- b. Disclosure. No representation or warranty by Purchaser contained in this Agreement of any statement furnished to Seller pursuant hereto, 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 statement contained herein true and not misleading.
- c. Reliance. The foregoing representations and warranties have been made by Purchaser with the knowledge and expectation that Seller is placing complete reliance thereon, and all such representations and warranties shall survive the closing, and shall be deemed to be reaffirmed by the Purchaser at the Closing.
- d. Confidentiality. The contents and terms of this Agreement shall not be disclosed to any person or entity not required to effect this sale.

7. **CLOSING**. The consummation of the sale and the transfer and conveyance of the stock from Seller unto the Purchaser (the "Closing") shall take place within ten (10) business days after the FCC approves the transfer of the stock ownership in the Companies to Purchaser unless a different date for Closing is mutually agreed to by both parties. The Closing shall take place at the law offices of William R. Thomson.

8. **CONDUCT OF BUSINESS PENDING CLOSING**. The Seller covenants, represents and warrants that pending the Closing, the business of the Companies shall be conducted as it has been in the past except by written agreement with the Purchaser in the following manner, to wit:

- a. Seller shall cause the Companies to conduct the business and operation of the Companies solely in the ordinary and prudent course of business, with the intent of preserving the ongoing operations and assets of the Companies.
- b. Seller shall not allow the Companies to sell, assign, lease or otherwise transfer or dispose of any of the Companies' assets, except consumed or disposed of in the ordinary course of business, where no longer used or useful in the business or operation of the Companies, in which event the same shall be replaced with assets of equal or greater value and utility, and the Companies' inventories of spare parts and expendable supplies shall be maintained at levels consistent with prudent practices.

- c. Seller shall not create, assume or permit to exist any claim, liability, mortgage, lien, pledge, condition, charge or encumbrance of any nature whatsoever upon the Companies' assets, except for those in existence on the date of this Agreement or anticipated and agreed to under this Agreement.
- d. Seller shall cause the Companies to operate the Stations in accordance with the FCC's rules and regulations and the station licenses and with all other laws, regulations, rules and orders (except to the extent the FCC has waived temporarily any such requirement), and shall not cause or permit by any act, or failure to act, any of the station licenses to expire, be surrendered, adversely modified, or otherwise terminated, or the FCC to institute any proceeding for the suspension, revocation or adverse modification of any of the station licenses, or fail to prosecute with due diligence any pending application to the FCC.
- e. Seller shall not waive any material right under any contract or relating to the Companies or their assets.
- f. Seller shall timely make all payments required to be paid under any Contract to be assumed by Purchaser when due and otherwise pay all liabilities and satisfy all obligations when such liabilities and obligations become due.
- g. Seller shall not increase or agree to increase the compensation, bonuses or other benefits for employees of the Companies except and unless required to maintain the Companies' current level of sales and success, subject, however, to the approval of the Purchaser not unreasonably withheld.
- h. Seller shall cause the Companies to use their best efforts to preserve the operations, organization and reputation of the Stations intact, to preserve the goodwill and business of the Companies' advertisers, suppliers and others having business relations with the Companies and to continue to conduct financial operations of the Companies, including their credit and collection policies, with no less effort, as in the prior conduct of the business.
- i. Seller will continue routine maintenance and repairs to the physical assets, real property and equipment of the Companies as has been the normal operating policy of the Companies. All assets of the Companies are being sold "as is" and "where is," free and clear of all liens and encumbrances.
- j. Until Closing Seller shall cause the Companies to maintain adequate insurance policies on the Companies and their assets.
- k. Seller shall maintain Companies' books and records in accordance with their past practices.

9. SALES AND TRANSFER TAXES AND FEES. All applicable sales,

transfer, documentary, use, filing and other taxes and fees that may be due or payable as a result of the conveyance, assignment, transfer of delivery of the stock shall be borne by the Seller.

10. INDEMNIFICATION. For transactions and events that occurred prior to Closing, Karen P. Small agrees to indemnify, hold harmless and reimburse Purchaser against and with respect to:

- a. Any damages, claims, or taxes asserted against Companies on account of any liability of the Companies not expressly assumed by Purchaser through the date of sale.
- b. Any damages, claims, or taxes asserted against the Companies not expressly assumed by Purchaser pertaining to the pre-closing business of the Stations.
- c. All actions, suits, proceedings, demands, assessments, judgments, costs and expenses, including reasonable attorneys' fees, incident to the foregoing.
- d. Any liabilities resulting from an audit or other determination by the Internal Revenue Service or the South Carolina Department of Revenue for any taxable years since formation of the Companies up to present, which shall result in a deficiency assessment including any deficiency resulting for the sale of Companies stock to Purchaser, against Companies and payment thereof by Companies or Purchaser. Purchaser shall promptly notify Seller of any such audit or other action, and Seller shall at her expense be entitled to defend, litigate, compromise, adjust, or otherwise act in the defense and settlement of any such audit or proceedings resulting therefrom.

11. MISCELLANEOUS PROVISIONS.

- a. Assignment of Obligations of Seller to Purchaser. Except as specifically set forth in this Agreement, nothing herein shall be construed to impose upon Purchaser the assumption of any undisclosed claim, liability, or obligation against Seller of Companies.
- b. Payment of Purchase Price. On the Closing date, Purchaser shall (i) authorize the payment of the Escrow Deposit to Seller and (ii) pay the balance of the Purchase Price to Seller by certified check or wire transfer.
- c. Expenses of Negotiation and Transfer. Except for Item 12(d) and Item 12(e), each party hereto shall be solely responsible for all costs and expense incurred by him or her in connection with the negotiation and preparation of this Agreement and the documents contemplated hereby and completion of the transactions contemplated hereby.
- d. Governmental Filing or Grant Fee. Any filing or grant fees imposed by any governmental authority, the consent of which is

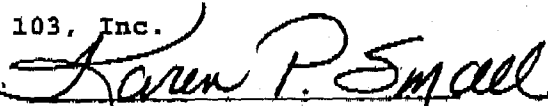
required to complete the transactions contemplated hereby shall be borne equally by Seller and Purchaser.

- e. Entire Agreement. This Agreement sets forth the entire understanding and agreement of the parties; it shall not be changed, modified or terminated except by a supplemental agreement in writing by all parties.
- f. Situs and Construction. This Agreement and any other agreements to be made and entered into pursuant hereto shall be construed in accordance with and governed by the laws of the State of South Carolina.
- g. Binding Effect. All of the covenants, conditions, agreements and undertakings set forth in this Agreement shall extend to and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties have executed this Agreement on as of the date forth above.


FM 103, Inc.

By:

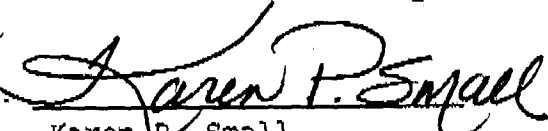

Karen P. Small, President

AM 1020, INC.

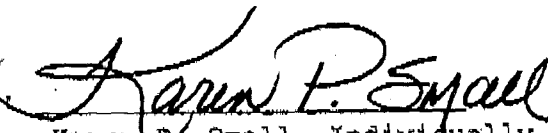
By:


Karen P. Small, President

By:


Karen P. Small
Personal Representative of the
Estate of N.M. Phillips

By:


Karen P. Small, Individually

GARY L. BRYANT, JR.

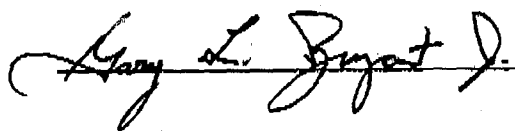


EXHIBIT A
FORM OF PROMISSORY NOTE

South Carolina

\$ 1,150,000.002005

FOR VALUE RECEIVED; the undersigned promise (s) to pay to the order of _____

KAREN P. SMALLat _____, South Carolina, in lawful money of the United States of America,
the principal sum of

One Million One Hundred Fifty Thousand and No/100 (\$1,150,000.00) Dollars

Due and payable as follows:

In monthly installments in the sum of Seven Thousand Five Hundred Eighty-nine and 49/100 (\$7,589.49) Dollars each and a final installment of Seven Thousand Five Hundred Eighty-nine and 90/100 (\$7,589.90) Dollars; payments due on the 1st day of each month, with the first payment being due on August 1, 2005, and a like payment due each and every month thereafter until paid in full. All payments shall apply first to the interest at the rate of Five percent (5%) per annum, to be computed and paid monthly, with balance to principal, any payment received after ten (10) days of the payment due date shall carry a late charge of five percent (5%) of the monthly payment amount, Three Hundred Seventy-nine and 47/100 (\$379.47) Dollars. Promissor shall have the absolute right to prepay in whole or in part at any time.

If default be made in the performance of or compliance with any of the covenants and conditions of the mortgage or any other instrument securing this note, then in any of said events, said principal sum with all accrued interest thereon shall become at once due and payable at the option of holder thereof and be collectible without further notice. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default.

If this note be placed in the hands of an attorney for collection after the same shall for any reason become due, or if collected by legal proceedings or through the probate or bankrupt courts, or under foreclosure proceedings under the mortgage securing this note, then all cost of collection, including a reasonable sum for attorney fee shall be added hereto as attorney's fees secured and collectible as the principal hereof.

The undersigned expressly agree jointly and severally to remain and continue bound for the payment of the principal and interest provided for by the terms of this note notwithstanding any extension or extensions of the time of, or for the payment of said principal or interest, or any change or changes in the amount or amounts agreed to be paid under and by virtue of the obligation to pay provided for in this note, or any change or changes by way of release or surrender of any collateral held as security for this note and waive all and every kind of notice of such extension or extensions, change or changes and agree that the same may be made without the joinder of the undersigned.

Presentment, protest, and notice are hereby waived.

It is expressly agreed and declared that this note is given for an actual loan of One Million One Hundred Fifty Thousand - - - - - (\$1,150,000.00) Dollars.

This note is secured by a mortgage of even date conveying property in Anderson County, South Carolina.

Witness the hand and seal of each of the signers hereof.

Witness:

(L.S.)_____
(L.S.)

EXHIBIT B

LIST OF TANGIBLE PERSONAL PROPERTY

All satellite dishes, receivers, and antennas
All music CD's, records, and libraries
1 Smartcaster, 2 Ridz Switchers
1 Lucent phone system
All production studio equipment (all stations)
All FM control room equipment
All WRIX(AM) control room equipment
Building and all equipment and towers (WANS)
1 Samsung Fax machine
1 Sharp copy machine
6 computers for automation and office use
All software and software rights
All furnishings and fixtures @ 102 East Shockley Ferry Rd.
1996 Chevy Astro Van
All remote and Marti frequency equipment

EXHIBIT C

LIST OF CONTRACTS AND AGREEMENTS

WANS – LMA with R&R Inspirational Productions

Trinity Broadcasting – lease for tower space on WRIX-FM tower

Toccoa Falls College – lease agreement for relay antenna

Network Contracts:

Jones Radio network

Learfield Communications -- USC Sports

Central Carolina Football Network

South Carolina News Network

ABC News Network

WOR

Westwood One

Creativity Broadcasting

Lease – WRIX Tower Site

Lease – WANS tower site and building (lease with Karen Small)

Lease – all stations, studio and offices (Watson Village)

EXHIBIT D
LIST OF PAYABLES

None except those incurred in the ordinary course of business.

EXHIBIT E
LIST OF RECEIVABLES

None except those due in the ordinary course of business.