

**ASSET PURCHASE AGREEMENT**

Asset Purchase Agreement, made and entered into this 2 day of <sup>July</sup>~~June~~ 2008, by and between CSN International, a California not-for-profit corporation ("Seller"), and Calvary Radio Network, Inc., also a California not-for-profit corporation ("Buyer").

**WITNESSETH:**

WHEREAS, Seller is the owner of certain Radio Broadcast Stations and FM Translator Stations, fully identified in Exhibit A, attached hereto (the "Stations"), and holds licenses issued by the Federal Communications Commission ("FCC") for the operation of such stations; and,

WHEREAS, Seller desires to sell the Stations to Buyer as a going business on the terms and conditions hereinafter set forth, and Buyer desires to purchase same;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants hereinafter set forth, it is agreed as follows:

1. **Assets to Be Sold:** The assets to be sold (the "Assets") consist of all of the real estate owned by Seller and used in the operation of the Stations; all of the broadcast equipment and personal property owned by Seller and used in the operation of the Stations; all intangibles owned by Seller and used in the operation of the Stations; and the licenses issued by the FCC for the operation of the Stations, subject to the prior approval of the FCC to the assignment of such licenses from Seller to Buyer. Seller's cash on hand and accounts receivable are exempt from this sale and will not be acquired by Buyer.

2. **Purchase Price:** The purchase price for the assets described in paragraph 1, *supra*, consist of the sum of One Million Eight Hundred Thousand Dollars (\$1,800,000.00), payable in readily available funds at the closing following FCC consent as described below.

3. **Escrow Deposit:** Within ten (10) days after the signing of this Agreement, Buyer will deposit the sum of Ninety Thousand Dollars (\$90,000.00) in escrow with Lauren A. Colby, attorney for the Seller (the "Escrow Deposit"). In the event that the transactions contemplated by this Agreement are consummated, the aforesaid Escrow Deposit will be paid to Seller, and credited against the purchase price. In the event that the transactions contemplated by this Agreement are not consummated, and the fault lies with the Buyer, the aforesaid Escrow Deposit will be forfeited to Seller as liquidated damages. In the event that the transactions contemplated by this Agreement are not consummated, and the fault lies with the Seller, or the fault lies with neither the Seller nor the Buyer, the aforesaid Escrow Deposit will be returned to Buyer.

4. **Application for FCC Consent:** Within five (5) days after the date of execution of this Agreement, Seller and Buyer will file an electronic application for FCC consent to the transactions contemplated by this Agreement. Seller and Buyer will each bear their own legal expenses associated with the application. Seller and Buyer will vigorously prosecute such application and do all things reasonably necessary and/or appropriate to obtain a grant thereof.

5. **Closing:** Within ten (10) days after the date when the FCC grants the application referred to in paragraph 3, *supra*, and upon five (5) days written notice by Buyer to Seller, a closing (the "Closing") will be held at the offices of Calvary Chapel of Costa Mesa, in Santa Ana, California (the "Closing Date"), or such other place as may be convenient to the parties; provided, however, that Buyer shall have the option to postpone the Closing to a date no more than ten (10) days after the FCC order, consenting to the sale, becomes final, *i.e.*, no longer subject to administrative or judicial review. At the Closing Buyer and Seller shall exchange all bills of sale, deeds, assignments of FCC licenses and such other documents as may be necessary and/or appropriate to fully carry out the terms of this Agreement. Similarly, at the Closing Buyer will

convey to Seller the purchase price in readily available funds.

6. **Conveyance of Real Estate:** All of the real estate to be conveyed under this Agreement shall be conveyed by quit claim deed, so that Buyer will acquire the same exact title rights as Seller presently has. All of the Real Estate will be conveyed, free and clear of all liens and encumbrances.

7. **Seller's Warranties:** Seller makes the following representations and warranties to Buyer which shall survive the Closing:

a. **FCC Authorizations:** Seller is the legal holder of the FCC Authorizations listed in Exhibit A. There is not now pending, or to the knowledge of the Seller threatened, any action by the FCC to revoke, cancel, rescind, modify or refuse to renew in the ordinary course any of the FCC Authorizations, or any investigation, Order to Show Cause, Notice of Violation or of Apparent Liability or of Forfeiture, or material complaint against the Stations. All material reports, forms and statements required to be filed by Seller with the FCC with respect to the Stations have been filed and are complete and accurate in all material respects. With the exceptions shown in Exhibit A, and such other exceptions as may occur in the normal course of business between the date of the Agreement and the date of Closing, the Stations are operating in accordance with its FCC Authorizations, and in material compliance with the Act and the rules and regulations of the FCC. The FCC Authorizations are in full force and effect, unimpaired by any act or omission of Seller, or its agents, and constitute all of the permits and Authorizations required by the Act, the rules and regulations thereunder or the FCC for, or used in, the operation of the Stations as now operated; and none of the FCC Authorizations is subject to any restriction or condition which would limit in any respect the full operation of the Stations as now conducted.

b. **Tangible Personal Property:** At least ten (10) days prior to the Closing, Seller will furnish Buyer with inventories of all of the Tangible Personal Property (the "Property") to be conveyed to Buyer. All of the Property is being sold on an "as is, where is" basis and Seller makes no warranties concerning the condition of such Property. All of the Property will, however, be free and clear of all liens and encumbrances at the Closing.

c. Litigation: Except for any investigations and rule making proceedings affecting the broadcasting industry generally, there are no actions, judgments (issued or outstanding), suits, claims, investigations or administrative, arbitration or other proceedings pending or, to the knowledge of Seller, threatened against Seller or the Stations before or by any court, arbitration tribunal or governmental department or agency of any kind, domestic or foreign that would give any third party the right to enjoin the transactions contemplated by this Agreement, or that could adversely affect Seller's ability to consummate the transactions contemplated hereunder or that could adversely affect Buyer as the owner of the Stations. Seller does not know any basis for such claim, litigation, proceeding or investigation. Should any such litigation or other proceeding commence or be threatened after the date of this Agreement, Seller shall promptly, and in no event later than five (5) days after becoming aware of it, notify Buyer and use its best efforts to accomplish the prompt removal or dismissal thereof.

d. Insurance: Seller currently has, and through the date of closing will maintain, insurance on the Assets in an amount sufficient to cover the value of said Assets and will use the proceeds of any claims for loss to repair, replace or restore any damaged property. All such policies are outstanding and full in force and effect.

e. Real Property: At least ten (10) days prior to the Closing, Seller will furnish Buyer with legal descriptions of all of the Real Property to be conveyed to Buyer. Seller makes no warranties concerning the condition of the Real Property. However, Seller warrants that Buyer will acquire at least as good a title to such Real Property as Seller has, and that said Real Property will be free of all liens and encumbrances.

8. **Binding Christian Arbitration**: The Parties to this Agreement hereby consent and agree that all disputes that arise between them concerning this Agreement or any of the terms of this Agreement, shall be decided exclusively in a binding Christian arbitration ("Arbitration") before a panel of five pastors ("Panel of Pastors") [subject to their express consent to participate as a panelist], or other such similarly situated senior pastors of the Calvary Organization that the Parties hereto agree upon. Each Party shall have the right to appoint two of the proposed five Pastors and once four Pastors have been impaneled, these Pastors will appoint the fifth Pastor. The Panel of

Pastors may utilize such professionals as necessary to assist it in its evaluation and resolution of the dispute, including but not limited to attorneys and certified public accountants. The Parties further consent and agree that any and all such Arbitration hearings shall be conducted in one of the following locations Calvary Chapel Costa Mesa or the Calvary Chapel Murrieta Hot Springs Bible College and/or any such other location that is agreed upon by the Parties and the Panel of Pastors. The Arbitration shall follow the regular procedure and protocol for mediations that occur in the State of California. The Parties consent and agree that the Panel of Pastors shall have exclusive and sole jurisdiction to decide all disputes arising from this Agreement between the Parties, and the Parties agree that the Panel of Pastors shall exclusively apply Scriptural Principles and California law to the dispute, regardless of and without giving any consideration to choice of law principles. In the event that the Parties file any court proceeding in violation of this contractually agreed upon arbitration requirement, the party who is required to appear in any Court proceeding to defend against such proceeding shall be entitled to an immediate stay and dismissal of such Court proceeding, and shall be entitled to an award of all reasonable attorney's fees and costs incurred in connection with such Court proceedings.

9. **Buyer's Warranties:** Buyer warrants, covenants and represents that it is financially and otherwise qualified to carry out the terms of this Agreement and that it knows of no reason why the FCC will not consent to the transactions contemplated by this Agreement.

10. **Assignment:** This Agreement shall be binding upon the heirs, successors and assigns of the parties hereto. Neither party may assign his rights and/or obligations under this Agreement to any third party.

11. **Risk of Loss:** The risk of any material loss, damage or destruction to any of the property or assets to be transferred to the Buyer hereunder from fire or other casualty or cause shall

be borne by the Seller at all times prior to the Closing hereunder. Upon the occurrence of any material loss or damage to any of the tangible property or assets to be transferred hereunder as a result of fire, casualty or other causes prior to Closing, Seller shall notify the Buyer of same in writing immediately stating with particularity the extent of loss or damage incurred, the cause thereof if known and the extent to which restoration, replacement and repair of the property or assets lost or destroyed will be reimbursed under any insurance policy with respect thereto. Upon receipt of such notice, Buyer shall have the option to either (a) terminate this Agreement; or (b) accept the insurance proceeds (if any) and proceed to Closing.

12. **No Broker:** No broker brought about this Agreement, and no broker's fee, finder's fee or similar fee is payable to anyone in connection with the transactions contemplated by this Agreement.

13. **No Assumption of Liability:** Buyer is not assuming and will not be required to assume any obligations of Seller, whatsoever.

14. **Specific Performance:** The radio Stations which is the subject of this Agreement is unique, so that mere money damages would be insufficient to compensate Buyer for the loss of such Stations. Therefore, Buyer may enforce this Agreement by a suit for specific performance and it shall be no defense to any such action that Buyer, allegedly, has an adequate remedy at law.

15. **Notices:** Any notice required hereunder shall be in writing and any payment, notice or other communications shall be deemed given when delivered personally, or mailed by certified mail or Federal Express, postage prepaid, with return receipt request, and addressed as follows:

If to Seller: CSN International

2521 W. Sunflower N3  
Santa Ana, California 92704  
Fax: (760) 770-6545

With a copy to: Lauren A. Colby, Esquire  
Law Office of Lauren A. Colby  
10 East 4<sup>th</sup> Street  
Frederick, Maryland 21701  
Fax: (301) 663-1086

If to Buyer: Calvary Radio Network, Inc.  
3232 W. MacArthur Boulevard  
Santa Ana, California 92704  
Fax: (760) 770-3939

With a copy to: Jerrold D. Miller  
Miller and Neely, PC  
6900 Wisconsin Avenue  
Suite 704  
Bethesda, Maryland 20815  
Fax: (301) 986-4162

**14. California Contract:** This Agreement is a California contract and shall be construed and interpreted in accordance with the laws of that state, except for laws pertaining to conflicts of laws.

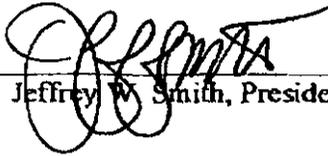
**16. Seller's Condition to Closing:** Seller shall not be required to consummate the transaction contemplated by this Agreement unless and until Seller has entered into an Agreement with Calvary Chapel of Costa Mesa, Inc. (the "Church") for a general release of all claims by the Church against Seller and Jeffrey W. Smith, of any kind, whatsoever.

**17. Time Brokerage Agreement:** Within five (5) days of this execution of this Agreement, Seller and Buyer will enter into a Time Brokerage Agreement, which will allow the Buyer to furnish programming to the Stations, effective July 1, 2008, and continuing until the Buyer acquires the ownership of the Stations, in return for a monthly payment equal to the actual operating

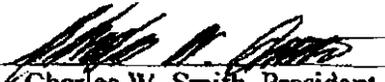
expenses of the Stations, legitimately and presently incurred by Seller.

IN WITNESS WHEREOF, the parties to this Agreement have set their hand and seals, and/or the hand and seals of their authorized representative, as of the date first above written.

**CSN INTERNATIONAL**

By:   
Jeffrey W. Smith, President

**CALVARY RADIO NETWORK, INC.**

By:   
Charles W. Smith, President

## EXHIBIT A

## Broadcast Authorizations Licensed to CSN International

Call Sign	Community of License	Class	Status
KAJC	Millersburg, Oregon	FM	Licensed
KIHS	Adel, Iowa	FM	Licensed
KJCQ	Westwood, California	FM	Licensed and Silent
KJCU	Fort Bragg, California	FM	Licensed
KKCF	Cannon AFB, New Mexico	FM	Licensed
KPKJ	Mentmore, New Mexico	FM	CP Off Air
KWJT	Rathdrum, Idaho	FM	Licensed
KYWH	Lockwood, Montana	FM	Licensed
WAJC	Wilson, North Carolina	FM	Licensed and Silent
WCJL	Morgantown, Indiana	FM	Licensed and Silent
WFGL	Fitchburg, Massachusetts	AM	Licensed
WGPS	Elizabeth City, North Carolina	FM	Licensed
WHLP	Hanna, Indiana	FM	Licensed
WJCE	Elkton, Michigan	FM	CP Off Air
WICO	Montpelier, Indiana	FM	Licensed
WJCX	Pittsfield, Maine	FM	Licensed
WJCY	Cicero, Indiana	FM	Licensed
WJCZ	Milford, Illinois	FM	Licensed
WJH	Norlina, North Carolina	FM	Licensed and Silent
WJWD	Marshall, Wisconsin	FM	Licensed
WJWT	Gardner, Massachusetts	FM	Licensed
WOJC	Crothersville, Indiana	FM	Licensed
WPGT	Roanoke Rapids, North Carolina	FM	Licensed
WPJC	Pontiac, Illinois	FM	Licensed
WQKO	Howe, Indiana	FM	Licensed
WTMK	Wanatah, Indiana	FM	Licensed
WWFP	Brigantine, New Jersey	FM	Licensed
<del>K210DN</del>	<del>North Las Vegas, Nevada</del>	<del>FX</del>	<del>Licensed</del> <i>OWS</i>
K210DQ	Laytonville, California	FX	Licensed
K210DZ	Willits, California	FX	Licensed
W214BJ	Murfreesboro, North Carolina	FX	Licensed
W204AZ	Madison Heights, Virginia	FX	Licensed
W260AB	Raleigh, North Carolina	FX	Licensed and Silent
W229AN	Providence, Rhode Island	FX	Licensed and Silent
W284BA	Warwick, Rhode Island	FX	Licensed and Silent
W221BY	Elgin, Illinois	FX	Licensed and Silent
W264BF	Englewood, Illinois	FX	Licensed
W292DJ	Lake Bluff, Illinois	FX	Licensed
W276BM	Park Forest, Illinois	FX	Licensed
W260BL	Waukegan, Illinois	FX	CP Off Air
W293AL	Rochester, Indiana	FX	Licensed and Silent
W223AU	South Bend, Indiana	FX	Licensed
W240BJ	Crown Point, Indiana	FX	Licensed
W266AO	Buffalo, Indiana	FX	Licensed
W260BR	Auburn, Indiana	FX	Licensed
W255BH	Bremen, Indiana	FX	Licensed

W277AK	Fort Wayne, Indiana	FX	Licensed
W251AR	Goshen, Indiana	FX	Licensed
W300AL	Mishawaka, Indiana	FX	Licensed
W270AU	Madison, Wisconsin	FX	Licensed
W274AQ	Battle Creek, Michigan	FX	Licensed and Silent
W247AM	Kalamazoo, Michigan	FX	Licensed
W254BG	Warsaw, Indiana	FX	Licensed
W222AS	West Lafayette, Indiana	FX	Licensed
K233BT	Des Moines, IA	FX	Licensed