

ASSET PURCHASE AGREEMENT
(WBTK(AM) Richmond, VA)

This AGREEMENT (this "Agreement") is dated as of February ____, 2005, by and among SCA License Corporation ("Seller"), Salem Radio Properties, Inc. ("SRP"), and Mount Rich Media, LLC ("Buyer").

RECITALS:

1. Seller owns and operates radio station WBTK(AM), FCC Facility ID. No. 57831, licensed to Richmond, Virginia (the "Station"), and holds the licenses and authorizations issued by the FCC for the operation of the Station.
2. SRP owns the real property used in operating the Station's transmitter site, located at 1 Lakeside Blvd, Richmond, Virginia.
3. Buyer desires to acquire all assets of the Station including the transmitter site real property, other than the Excluded Assets, and Seller, and SRP are willing to convey such assets to Buyer.
4. The acquisition of the Station is subject to prior approval of the FCC.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, Seller, SRP, and Buyer hereby agree as follows:

ARTICLE 1

TERMINOLOGY

- 1.1 **Act.** The Communications Act of 1934, as amended.
- 1.2 **Adjustment Amount.** As provided in Section 2.7, the amount by which Buyer's account is to be credited or charged, as reflected on the Adjustment List(s).
- 1.3 **Adjustment List.** As provided in Section 2.7, an itemized list(s) of all sums to be credited or charged against the account of Buyer, with a brief explanation in reasonable detail of the credits or charges, consistent with the allocation principle set forth in Section 2.7(a).
- 1.4 **Assumed Obligations.** Such term shall have the meaning defined in Section 2.3.
- 1.5 **Business Day.** Any calendar day, excluding Saturdays and Sundays, on which federally chartered banks are regularly open for business.

1.6 **Buyer's Threshold Limitation.** As provided in Section 9.3 (b), the threshold dollar amount for the aggregate of claims, liabilities, damages, losses, costs and expenses that must be incurred by Buyer before Seller shall be obligated to indemnify Buyer. The Buyer's Threshold Limitation shall be Ten Thousand Dollars (\$10,000) in the aggregate;

1.7 **Closing.** The closing with respect to the transactions contemplated by this Agreement.

1.8 **Closing Date.** The date determined as the Closing Date as provided in Section 8.1.

1.9 **Documents.** This Agreement and all Exhibits and Schedules hereto, and each other agreement, certificate, or instrument delivered pursuant to or in connection with this Agreement, including amendments thereto that are expressly permitted under the terms of this Agreement.

1.10 **Earnest Money.** The amount of Seventy Five Thousand Dollars (\$75,000).

1.11 **Environmental Assessment.** Such term shall have the meaning defined in Section 5.10.

1.12 **Environmental Laws.** The Comprehensive Environmental Response Compensation and Liability Act, the Resource Conservation and Recovery Act, the Clean Water Act, the Clean Air Act and the Toxic Substances Control Act, the Federal Insecticide, Fungicide and Rodenticide Act, the Emergency Planning and Community Right-to-Know Act, the Safe Drinking Water Act, each as amended, and any other applicable federal, state and local laws, statutes, rules or regulations concerning or relating to the treating, producing, handling, storing, releasing, spilling, leaking, pumping, pouring, emitting or dumping of Hazardous Materials, or the pollution or protection of human health or the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata).

1.13 **Escrow Agent.** John Pierce & Company, LLC

1.14 **Escrow Agreement.** The Escrow Agreement in the form attached hereto as Schedule 1.14 which Buyer, Seller and Escrow Agent have entered into concurrently with the execution of this Agreement relating to the deposit, holding, investment and disbursement of the Earnest Money.

1.15 **Excluded Assets.** Such term shall have the meaning defined in Section 2.2.

1.16 **FCC.** Federal Communications Commission.

1.17 **FCC Licenses.** The licenses, permits and authorizations (and any renewals, extensions, amendments or modifications thereof) of the FCC for the operation of the Station as

listed on Schedule 3.8, including without limitation, all pending Licenses, permits, and authorizations of the FCC to the extent they pertain to the operation of the Station.

1.18 **FCC Order.** An action, order or decision of the FCC, granting its consent to the assignment of the FCC Licenses to Buyer.

1.19 **Final Action.** An action of the FCC that has not been reversed, stayed, enjoined, set aside, annulled or suspended; with respect to which no timely petition for reconsideration or administrative or judicial appeal or sua sponte action of the FCC with comparable effect is pending and as to which the time for filing any such petition or appeal (administrative or judicial) or for the taking of any such sua sponte action of the FCC has expired.

1.20 **Hazardous Materials.** Toxic materials, hazardous wastes, hazardous substances, pollutants or contaminants, asbestos or asbestos-related products, polychlorinated biphenyls ("PCBs"), petroleum, crude oil or any fraction or distillate thereof in excess of legally-defined permissible limits (as such terms are defined in any applicable federal, state or local laws, ordinances, rules and regulations, and including any other terms which are or may be used in any applicable Environmental Laws to define prohibited or regulated substances).

1.21 **Indemnified Party.** Any party described in Section 9.3 or Section 9.4 against which any claim or liability may be asserted by a third party which would give rise to a claim for indemnification under the provisions of this Agreement by such party.

1.22 **Indemnifying Party.** The party to the Agreement (not the Indemnified Party) that, in the event of a claim or liability asserted by a third party against the Indemnified Party which would give rise to a claim for indemnification under the provisions of this Agreement, is obligated to indemnify and hold harmless the Indemnified Party to the extent expressly provided in this Agreement.

1.23 **Lien.** Any mortgage, deed of trust, pledge, hypothecation, security interest, encumbrance, lien, lease or charge of any kind, whether voluntarily incurred or arising by operation of law or otherwise, affecting any Sale Assets or property, including any written or oral agreement to give or grant any of the foregoing, any conditional sale or other title retention agreement, and the filing of or agreement to give any financing statement with respect to any assets or property under the Uniform Commercial Code or comparable law of any jurisdiction.

1.24 **Material Adverse Condition.** A condition, event or circumstance which would materially restrict, limit, increase the cost or burden of or otherwise materially adversely affect or materially impair the right of Buyer to the ownership, use, control, enjoyment or operation of the Station or the proceeds therefrom; provided, however, that any condition which requires that the Station be operated in accordance with a condition similar to those contained in the present FCC licenses issued for operation of the Station shall not be deemed a Material Adverse Condition.

1.25 **OSHA Laws.** The Occupational Safety and Health Act of 1970, as amended, and

all other federal, state or local laws or ordinances, including orders, rules and regulations thereunder, regulating or otherwise affecting health and safety of the workplace.

1.26 **Permitted Lien.** For purposes hereof, "Permitted Lien" shall mean (i) easements, restrictions, and other similar matters which will not materially adversely affect the use of the Real Property in the ordinary course of business; (ii) liens for taxes not due and payable or, that are being contested in good faith by appropriate proceedings; (iii) mechanics, materialmen's, carriers', warehousemen's, landlords' or other similar liens in the ordinary course of business for sums not yet due or which are being contested in good faith by appropriate proceedings; (iv) liens or mortgages that will be released at Closing; and/or (v) zoning ordinances and regulations, including statutes and ordinances relating to the liens of streets and to other municipal improvements, which will not materially adversely affect the use of the Real Property in the ordinary course of business, provided that any of the foregoing alone or in the aggregate do not materially impair the value or materially interfere with the use of any asset or property of the Seller or SRP material to the operation of their businesses as they have been and are now conducted.

1.27 **Person.** Any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivisions thereof.

1.28 **Purchase Price.** The consideration to be paid by Buyer to Seller for purchase of the Sale Assets in an amount equal to One Million Five Hundred Thousand Dollars (\$1,500,000) payable pursuant to the terms of Section 2.5 and subject to adjustments pursuant to Section 2.7.

1.29 **Real Property.** Such term shall have the meaning defined in Section 3.7.

1.30 **Rules and Regulations.** The rules of the FCC as set forth in Volume 47 of the Code of Federal Regulations, as well as such other policies of the FCC, whether contained in the Code of Federal Regulations, or not, that apply to the Station.

1.31 **Sale Assets.** All of the tangible and intangible assets to be transferred by Seller and SRP to Buyer as set forth in Section 2.1.

1.32 **Seller's Threshold Limitation.** As provided in Section 9.4 (b), the threshold dollar amount for the aggregate of claims, liabilities, damages, losses, costs and expenses that must be incurred by Seller before Buyer shall be obligated to indemnify Seller. The Seller's Threshold Limitation shall be Ten Thousand Dollars (\$10,000) in the aggregate;

1.33 **Station Agreements.** The agreements, commitments, contracts, leases and other items described in Section 3.9(a) that relate to operation of the Station.

1.34 **Tangible Personal Property.** The personal property described in Section 2.1(a).

1.35 **Tower Coordinates.** Such term shall have the meaning defined in Section 3.15 hereof.

ARTICLE II

PURCHASE AND SALE

2.1 **Sale Assets.** On the Closing Date, Seller and, SRP (with respect to any real property only, including the transmitter site) will sell, transfer, assign and convey to Buyer, and Buyer will purchase from Seller and SRP (with respect to any real property only, including the transmitter site), free and clear of all Liens, except Permitted Liens, all of Seller's and SRP's right, title and interest, legal and equitable, in and to the tangible and intangible, real, personal and mixed assets (except Excluded Assets) used or useful in the operation of the Station including the following:

(a) **Tangible Personal Property.** All equipment, parts, supplies, furniture, fixtures, studio equipment, and other tangible personal property now or hereinafter owned by Seller and used or useful in the operation of the Station including, but not limited to the tangible personal property listed on Schedule 3.6, together with such modifications, replacements, improvements and additional items, made or acquired between the date hereof and the Closing Date;

(b) **Real Property and Leases.** The interests of Seller and, SRP in all of the real property used in operating the Station including, without limitation, all right, title and interest of Seller and SRP in and to the Station's transmitting facilities and all Real Property described in Schedule 3.7, including without limitation, the transmitter building and broadcast tower.

(c) **Licenses and Permits.** The FCC Licenses and all other assignable or transferable governmental permits, licenses and authorizations (and any renewals, extensions, amendments or modifications thereof) ("Governmental Authorizations") now held by Seller or hereafter obtained by Seller between the date hereof and the Closing Date, to the extent such other permits, licenses and authorizations pertain to or are used in the operation of the Station;

(d) **Station Agreements.** All agreements which are listed on Schedule 3.9 and have been marked by Buyer as agreements which Buyer elects to assume; any renewals, extensions, amendments or modifications of those agreements being assumed which are made in the ordinary course of Seller's operation of the Station and in accordance with the terms and provisions of this Agreement;

(e) **Records.** True and complete copies of all of the books, records, accounts, files, logs, ledgers, reports of engineers and other consultants or independent contractors,

pertaining to or used in the operation of the Station (other than corporate records);

(f) **Intellectual Property.** All of Seller's Intellectual Property used in, or related to, the Station or Sale Assets. For purposes of this Agreement, "Intellectual Property" shall mean all of the following relating to the use or operation of the Station or the Sale Assets: trademarks, service marks, brand names, trade names, mask works, trade dress, Internet Domain Name(s), Internet Web page(s), HTML content located and publicly accessible from the Domain Names, the visitor e-mail data bases for Internet Domain Names, call letters (specifically including "WBTK"), slogans, and other indications of origin, the goodwill associated with the foregoing and registrations in any jurisdiction of, and applications in any jurisdictions to register the foregoing, including any extension, modification or renewal of any such registration or application; inventions, discoveries and ideas, whether patentable or not; patents and applications for patents; nonpublic information, trade secrets or confidential information; writings and other works, whether copyrightable or not; technology, know-how or computer software programs and applications used in the Station's business, any similar intellectual property or proprietary rights, and any claims or causes of action arising out of or relating to any infringement or misappropriation of any of the foregoing.

(g) **Miscellaneous Assets.** Any other tangible, intangible, real, personal or mixed asset, property or right of any kind or nature not otherwise described in this Section 2.1 and now or hereinafter owned or used by Seller in connection with the operation of the Station.

2.2 **Excluded Assets.** Notwithstanding any provision of this Agreement to the contrary, Seller and SRP shall not transfer, convey or assign to Buyer, but shall retain all of their right, title and interest in and to, the following assets owned or held by it on the Closing Date ("Excluded Assets"):

(a) Any and all cash, cash equivalents, cash deposits to secure contract obligations, all inter-company receivables from any affiliate of Seller and all other accounts receivable, bank deposits and securities held by Seller in respect of the Station at the Closing Date, that are unrelated to the operation of the Station after the Closing Date and further provided that such cash or receivable is not for services on obligations of the Station after the Closing Date (except to the extent Seller receives a credit therefor under Section 2.7, in which event such cash, receivable, deposit or security shall be included as part of the Sale Assets).

(b) Any and all claims of Seller with respect to transactions prior to the Closing including, without limitation, claims for tax refunds and refunds of fees paid to the FCC.

(c) All prepaid expenses (except to the extent Seller receives a credit therefor under Section 2.7, in which event the prepaid expense shall be included as part of the Sale Assets).

(d) All contracts of insurance and claims against insurers.

(e) All employee benefit plans and the assets thereof and all employment contracts.

(f) All contracts that are terminated in accordance with the terms and provisions of this Agreement or have expired prior to the Closing Date in the ordinary course of business; and all loans and loan agreements.

(g) All tangible personal property disposed of or consumed between the date hereof and the Closing Date in accordance with the terms and provisions of this Agreement and in the ordinary course of business.

(h) Seller's corporate records except to the extent such records pertain to or are used in the operation of the Station, in which case Seller shall deliver copies thereof to Buyer.

(i) All commitments, contracts and agreements not specifically assumed by Buyer pursuant to Section 2.1(d), above.

2.3 Assumption of Liabilities.

(a) At the Closing, Buyer shall assume and agree to perform, without duplication of Seller's performance, the following liabilities and obligations of Seller (the "Assumed Obligations"):

(i) Current liabilities of Seller for which Buyer receives a credit pursuant to Section 2.7, but not in excess of the amount of such credit;

(ii) Liabilities and obligations arising under the Station Agreements, if any, assumed by and transferred to Buyer in accordance with this Agreement, but only to the extent such liabilities and obligations relate to the Sale Assets and are attributable to the period of time after the Closing; and

(b) Except for the Assumed Obligations, Buyer shall not assume or in any manner be liable for any debts, liens, charges, claims, encumbrances, duties, responsibilities, obligations or liabilities of Seller of any kind or nature, whether express or implied, known or unknown, contingent or absolute, including, without limitation, any liabilities to or in connection with Seller's employees whether arising in connection with the transaction contemplated hereunder or otherwise. All other liabilities shall be retained by Seller.

2.4 Earnest Money.

(a) Within five (5) business days of the execution of this Agreement, Buyer shall deposit with Escrow Agent the Earnest Money who shall hold the same pursuant to the

terms of the Escrow Agreement. The Escrow Agent shall hold the Earnest Money under the terms of the Escrow Agreement in trust for the benefit of the parties hereto.

(b) If the Closing does not occur, the Earnest Money, plus interest, shall be returned to Buyer. If Closing does occur, the Earnest Money, plus interest, shall be applied to payment of the Purchase price at Closing as provided in Section 2.5.

2.5 Payments Of Purchase Price.

(a) At the Closing, the Purchase Price, less any amount of the Earnest Money paid to Seller, shall be paid to Seller by wire transfer of immediately available funds.

(b) Buyer shall pay to Seller, or Seller shall pay to Buyer, the Adjustment Amount in accordance with Section 2.7.

2.6 Allocation of the Purchase Price. Buyer and Seller shall agree to an allocation of the Purchase Price as set forth in Schedule 2.6 hereof. Buyer and Seller shall use such allocation for all reporting purposes in connection with federal, state and local income and, to the extent permitted under applicable law, franchise taxes. Buyer and Seller agree to report such allocation to the Internal Revenue Service in the form required by Treasury Regulation § 1.1060-1T.

2.7 Adjustment of Purchase Price.

(a) All operating income and operating expenses of the Station shall be adjusted and allocated between Seller and Buyer, and an adjustment in the Purchase Price shall be made as provided in this Section, to the extent necessary to reflect the principle that all such income and expenses attributable to the operation of the Station on or before the Closing Date shall be for the account of Seller, and all income and expenses attributable to the operation of the Station after the Closing Date shall be for the account of Buyer. Any cost or obligation related to any Permitted Lien shall also be included as part of the adjustment and allocation between Buyer and Seller.

(b) To the extent not inconsistent with the express provisions of this Agreement, the allocations made pursuant to this Section 2.7 shall be made in accordance with generally accepted accounting principles.

(c) For purposes of making the adjustments pursuant to this Section, Buyer shall prepare and deliver an initial Adjustment List to Seller within forty five (45) days following the Closing Date, or such later date as shall be mutually agreed to by Seller and Buyer. Buyer may also prepare and deliver to Seller additional Adjustment Lists as Buyer becomes aware of additional Adjustment List items. The Adjustment List(s) shall set forth the Adjustment Amount. If the Adjustment Amount is a credit to the account of Buyer, Seller shall pay such amount to Buyer within fifteen (15) days of receiving the Adjustment List(s) if both parties agree

on the amount, and if the Adjustment Amount is a charge to the account of Buyer, Buyer shall pay such amount to Seller within fifteen (15) days of delivering the Adjustment List(s) to Seller if both parties agree on the amount. In the event Seller disagrees with the Adjustment Amount determined by Buyer or with any other matter arising out of this subsection, and Buyer and Seller cannot within sixty (60) days resolve the disagreement themselves, the parties will refer the disagreement to a firm of independent certified public accountants, mutually acceptable to Seller and Buyer, whose decision shall be final. The fees and expenses of such accountants shall be paid by the party who does not prevail on the disputed matters decided by the accountants. Notwithstanding the foregoing, at Closing Buyer and Seller shall use commercially reasonable efforts to make as many adjustments as feasible.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLER

Except as provided in Sections 3.7 and 3.14 below, Seller hereby represents and warrants to Buyer as follows:

3.1 **Organization and Good Standing.** Seller is a corporation, validly existing and in good standing under the laws of the State of Virginia and authorized to conduct business in the State of Virginia and each and every jurisdiction where Seller conducts business. Seller has all requisite power to own, operate and lease its properties and carry on its business as it is now being conducted and as the same will be conducted until the Closing.

3.2 **Authorization and Binding Effect of Documents.** Seller's execution and delivery of, and the performance of its obligations under, this Agreement and each of the other Documents, and the consummation by Seller of the transactions contemplated hereby and thereby, have been duly authorized and approved by all necessary corporate action on the part of Seller, and no other corporate proceedings on the part of the Seller are necessary to authorize and approve this Agreement. As of the date hereof, the Board of Directors of Seller has determined that the transaction contemplated by this Agreement is advisable and in the best interest of its stockholders. Seller has the power and authority to execute, deliver and perform its obligations under this Agreement and each of the other Documents and to consummate the transactions hereby and thereby contemplated. This Agreement and each of the other Documents have been, or at or prior to the Closing will be, duly executed by Seller. The Documents, when executed and delivered by the parties hereto, will constitute legal and valid obligations of Seller enforceable against it in accordance with their terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights or remedies generally, and except as may be limited by general principles of equity.

3.3 **Absence of Conflicts.** The execution and delivery of, and the performance of its obligations under, this Agreement and each of the other Documents by Seller, and the

consummation of the transactions contemplated hereby and thereby:

(a) do not in any material respect (with or without the giving of notice or the passage of time or both) violate, or result in the creation of any Lien other than a Permitted Lien, on any of the Sale Assets under any provision of law, rule or regulation or any order, judgment, injunction, decree or ruling applicable to Seller;

(b) do not (with or without the giving of notice or the passage of time or both) conflict with or result in a breach or termination of, or constitute a default or give rise to a right of termination or acceleration under the articles of incorporation or bylaws of Seller or pursuant to any lease, agreement, commitment or other instrument which Seller is a party to, or bound by, or by which any of the Sale Assets may be bound, or result in the creation of any Lien, other than a Permitted Lien, upon any of the Sale Assets.

3.4 **Governmental Consents and Consents of Third Parties.** Except for such consents as are required by the FCC and as are disclosed on Schedule 3.4, the execution and delivery of, and the performance of Seller's obligations under, this Agreement and each of the other Documents by Seller, and the consummation by Seller of the transactions contemplated hereby and thereby, do not require the consent, waiver, approval, permit, license, clearance or authorization of, or any declaration of filing with, any court or public agency or governmental body or other authority, or the consent of any Person under any agreement, arrangement or commitment of a nature to which Seller is a party or by which it is bound or by which the Sale Assets are bound or to which they are subject to, the failure of which to obtain would constitute a Material Adverse Condition on the Sale Assets or the operation of the Station.

3.5 **Sale Assets.** The Sale Assets include all of the assets, properties and rights of every type and description, real, personal and mixed, tangible and intangible, that are used in the conduct of the business of owning and operating the Station in the manner in which that business is now conducted, including, without limitation all of the assets described in Section 2.1 with the exception of the Excluded Assets described in Section 2.2.

3.6 **Tangible Personal Property.** Except for supplies and other incidental items which in the aggregate do not have a fair market value in excess of One Thousand Dollars (\$1,000), the list of Tangible Personal Property set forth on Schedule 3.6 is a complete and correct list of all of the items of tangible personal property (other than Excluded Assets) used to a material extent in the operation of the Station in the manner in which it is now operated. In addition:

(a) Seller has good, marketable and valid title to all of the items of Tangible Personal Property free and clear of all Liens except Permitted Liens, and including the right to transfer same.

(b) The Tangible Personal Property is in good operating condition and repair (ordinary wear and tear excepted), is free from material defect and damage, is functioning in the

manner and for the purposes for which were intended, has been maintained in accordance with generally accepted standards within the radio broadcasting industry, does not now require any repairs other than routine maintenance and is available for immediate use in the business or operations of the Station in the ordinary course of business. The Station's transmitting facility is being operated at full power as authorized by the FCC Licenses and in accordance with manufacturer's specifications.

(c) The Tangible Personal Property, including but not limited to the transmitting towers used by the Station, complies with applicable rules and regulations of the FCC and Federal Aviation Administration ("FAA") and the terms of the FCC Licenses and all Governmental Authorizations.

(d) There is no defect in the condition or operation of any item of the Tangible Personal Property that is reasonably likely to constitute a Material Adverse Condition on the operation of the Station, except to the extent that such defect would not constitute a Material Adverse Condition on the Station or Sale Assets.

3.7 Real Property. SRP and Seller hereby jointly and severally represent and warrant to Buyer as follows:

(a) The real property described on Schedule 3.7 constitutes a complete and correct summary description in all material respects of all of the interests in real estate, including, without limitation, any and all leases, easements and licenses, used to any extent in the operation of the Station in the manner in which it has been and is now operated. Said real property, together with all improvements affixed thereto, is herein defined as the "Real Property."

(b) Neither SRP nor Seller owe any money to any architect, contractor, subcontractor or materialman for labor or materials performed, rendered or supplied to or in connection with the Real Property which shall not be paid in full on or before Closing.

(c) SRP's and Seller's present use of the Real Property is in compliance with all applicable zoning codes in effect as of the date hereof, and neither SRP nor Seller have received any notices of uncorrected violations of the applicable housing, building, safety or fire ordinances. The Real Property is served by all utilities, including, without limitation, electricity and water in capacities adequate for the present use of the Real Property and improvements thereon.

(d) Except as set forth on Schedule 3.7, neither SRP nor Seller have made any agreement (other than this Agreement) for the sale or lease of, or given any Person (other than Buyer) an option to purchase or lease or a right of first refusal to purchase or lease, all or any part of SRP's or Seller's interest in the Real Property, and neither SRP nor Seller have subjected the Real Property to any liens (other than Permitted Liens), easements, rights, duties, obligations, covenants, conditions, restrictions, limitations or agreements not of record.

(e) The Real Property is zoned for all accessory uses being made on the Real Property as of the Closing Date, as applicable, and such uses are consistent with the comprehensive plan adopted by the municipality within which the Real Property is located, and all ordinances, rules, regulations or resolution adopted pursuant thereto (collectively, the "Land Use Approvals").

(f) The Real Property is not dependent upon any other parcel of real estate to satisfy parking, open space or other legal requirements under any federal, state or local laws, ordinances and regulations. The Real Property is assessed as a separate parcel for real estate tax purposes.

(g) The Real Property complies in all respects with all applicable federal, state and local laws, ordinances, statutes, rules and regulations in effect as of the Effective Date and the Closing Date, including, but not limited to, the Land Use Approvals.

(h) All permanent certificates of occupancy and other consents and approvals required from the County where the Real Property is located, and other governmental authorities and associations and boards with jurisdiction over the Real Property have been issued and are in full force and effect without the presence or existence of any unsatisfied conditions or requirements with respect thereto, and true, correct and complete copies of such consents, approvals and certificates of occupancy have been delivered to Buyer.

(i) Neither SRP nor Seller have received any notice of condemnation or of eminent domain proceedings or negotiations for the purchase of any of the Real Property in lieu of condemnation, and no condemnation or eminent domain proceedings or negotiations have been commenced or, to the best of SRP's knowledge, threatened in connection with the Real Property or the Improvements that would have a material and adverse effect on the value of the Real Property or on the continued utilization of the Real Property for its current use.

(j) Pedestrian and vehicular access to the Real Property is provided by publicly dedicated streets that are contiguous with the Real Property. There are no special assessments pending or, to the knowledge of SRP or Seller threatened against or with respect to the Real Property on account of or in connection with such streets, roads or any other public improvements including but not limited to storm and sanitary sewer, water or other utility lines, curbs, gutters, drainage facilities, sidewalks, lighting and the like.

(k) No additional easements are required for the provision of utilities, access, egress and drainage to or for the benefit of the Real Property in connection with the use, operation and enjoyment of the Real Property for its present use.

(l) All utility services, including but not limited to storm and sanitary sewer, water, electric power, and telephone service are available to the Real Property and no unpaid assessments, impact fees, development fees, tap-on fees or recapture costs are payable in connection therewith.

(m) SRP has simple title to the Real Property listed on Schedule 3.7 and identified as the tower transmitter site and has full power and authority to transfer the Real Property to Buyer pursuant to this Agreement. Except as set forth on Schedule 3.7 herein, neither SRP nor Seller have any knowledge of any unrecorded agreements, leases, liens or encumbrances that may affect title to the Real Property.

(n) There is no defect in the condition or operation of the Real Property that is reasonably likely to have a material adverse effect on the Sale Assets.

3.8 FCC Licenses. Seller is the holder of the licenses, permits and authorizations listed on Schedule 3.8, and except as set forth on such Schedule, (i) the FCC Licenses are valid, in good standing and in full force and effect, unimpaired by any act or omission of Seller, its officers, directors, shareholders, employees and agents, and constitute all of the licenses, permits and authorizations required by the Act, the Rules and Regulations of the FCC for, or used in, the operation of the Station in all material respects as now operated, and Seller has a signed copy of each FCC License in its possession; (ii) the licenses, permits and authorizations listed on Schedule 3.8 constitute all the current licenses, permits and authorizations issued by the FCC to Seller or pending before the FCC for or in connection with the Station; including, without limitation, the Tower Coordinates and any applicable FCC or FAA tower registration numbers; (iii) there is no condition imposed by the FCC as part of any FCC License which is neither set forth on the face thereof as issued by the FCC nor contained in the Rules and Regulations applicable generally to stations of the type, nature, class or location of the Station; (iv) the Station is being operated at full authorized power, in accordance with the terms and conditions of the FCC Licenses applicable to it and in accordance with the Rules and Regulations, except to the extent a failure to so comply would not constitute a Material Adverse Condition; (v) no application, action or proceeding is pending, or, to Seller's actual knowledge is threatened, which may result in the revocation, modification, non-renewal or suspension of any of the FCC Licenses, the denial of any pending applications, the issuance of any cease and desist order or the imposition of any fines, forfeitures or other administrative actions by the FCC with respect to the Station or its operation, other than proceedings affecting the radio broadcasting industry in general; (vi) there is not before the FCC any material investigation, proceeding, notice of violation or order of forfeiture relating to the Station; (vii) Seller has complied in all material respects with all requirements to file reports, applications and other documents with the FCC with respect to the Station, and all such reports, applications and documents, including those with respect to the FCC's rules and regulations relations governing Equal Employment Opportunities are complete and correct in all material respects and have been timely placed in the Station's public inspection file, except as provided on Schedule 3.8; (viii) Seller has paid all annual FCC regulatory fees assessed by the FCC for the Station, and is not delinquent on any debt owed to the FCC; (ix) there are no matters (A) which could reasonably be expected to result in the suspension, revocation, cancellation, modification of or the refusal to renew any of the FCC Licenses or the imposition of any fines or forfeitures by the FCC, or (B) against Seller which could reasonably be expected to result in the FCC's refusal to grant approval of the assignment to Buyer of the FCC Licenses or the imposition of any Material Adverse Condition in connection with approval of such assignment; (x) there are not any unsatisfied or otherwise

outstanding citations issued by the FCC with respect to the Station or its operation; and (xi) the "Public Inspection File" of the Station is in substantial and material compliance with Section 73.3526 of the Rules and Regulations. Complete and accurate signed copies of all FCC Licenses are attached hereto as a part of Schedule 3.8.

3.9 Station Agreements.

(a) Schedule 3.9 sets forth an accurate and complete list of all material agreements, contracts, arrangements or commitments in effect as of the date hereof, including all amendments, modifications and supplements thereto which the Station or its assets or properties are bound by ("Station Agreements"). Complete and correct copies of all Station Agreements have been delivered to Buyer.

(b) Except as set forth in the Schedules, and with respect to all Station Agreements being assumed by Buyer, (i) all Station Agreements are legal, valid and enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity; (ii) neither Seller, nor any party thereto is in material breach of or in material default under any Station Agreements; (iii) there has not occurred any event which, after the giving of notice or the lapse of time or both, would constitute a material default under, or result in the material breach of, any Station Agreements which are, individually or in the aggregate, material to the operation of the Station; and (iv) Seller holds the right to enforce and receive the benefits under all of the Station Agreements, free and clear of all Liens (other than Permitted Liens) but subject to the terms and provision of each such agreement.

(c) Schedule 3.9 indicates, for each Station Agreement listed thereon which Agreement is being assumed by Buyer, and whether consent or approval by any party thereto is required thereunder for consummation of the transactions contemplated hereby.

(d) Buyer and Seller acknowledge that certain of the Station Agreements, to be included in the Sale Assets, and the rights and benefits thereunder necessary or appropriate or relating to the conduct of the business and activities of Seller and/or the Station may not, by their terms, be assignable. Anything in this Agreement to the contrary notwithstanding, this Agreement shall not constitute an agreement to assign such Station Agreement, and Buyer shall not be deemed to have assumed the same or to be required to perform any obligations thereunder, if an attempted assignment thereof, without the consent of a third party thereto, would constitute a breach thereof or in any way affect the rights under such Station Agreement of Buyer or Seller thereunder. In such event, Seller will cooperate with Buyer to provide for Buyer all benefits to which Seller is entitled under such Station Agreements, and any transfer or assignment to Buyer by Seller of any such Station Agreement or any right or benefit arising thereunder or resulting therefrom which shall require the consent or approval of any third party shall be made subject to such consent or approval being obtained. Seller shall, without further consideration therefor, pay, assign and remit to Buyer promptly all monies, and, to the extent

permitted, all other rights or consideration received or obtained, or which may be received or obtained, in respect of performance of such Station Agreements.

3.10 Litigation. There are no actions, suits, claims, investigations or administrative, arbitration or other proceedings pending or threatened against Seller which would, individually or in the aggregate if adversely determined, be a Material Adverse Condition on the Sale Assets or the operation of the Station, or which would give any third party the right to enjoin the transactions contemplated by this Agreement. There is no basis for any such claim, investigation, action, suit or proceeding which would, individually or in the aggregate if adversely determined, be a Material Adverse Condition on the Sale Assets or operation of the Station. There are no existing or pending orders, judgments or decrees of any court or governmental agency affecting Seller, the Station or any of the Sale Assets which would materially adversely affect the Station's operations or the Sale Assets. Notwithstanding the disclosure of any matter herein, Buyer shall not assume any liability for any such matter.

3.11 Labor Matters.

(a) Seller is not a party to any collective bargaining agreement, and there is no collective bargaining agreement that determines the terms and conditions of employment of any employees of Seller.

(b) With respect to the Station:

(i) There is no labor strike, dispute, slow-down or stoppage pending or, to the actual knowledge of Seller, threatened against the Station;

(ii) Except as set forth in Schedule 3.11, there are neither pending nor threatened, any suits, actions, administrative proceedings, union organizing activities, arbitrations, grievances, complaint, charges, claims or other proceedings between Seller and any employees of the Station or any union representing such employees; and there are no existing labor or employment or other controversies or grievances involving employees of the Station which have had or are reasonably likely to constitute a Material Adverse Condition on the operation of the Station;

(iii) (A) Seller is in compliance in all material respects with all laws, rules and regulations relating to the employment of labor and all employment contractual obligations, including those relating to wages, hours, collective bargaining, affirmative action, discrimination, sexual harassment, wrongful discharge and the withholding and payment of taxes and contributions except for such non-compliance which individually or in the aggregate would not constitute a Material Adverse Condition on the business or financial condition of the Station; (B) Seller has withheld all amounts required by law or agreement to be withheld from the wages or salaries of its employees; and (C) Seller is not liable to any present or former employees or any governmental authority for damages, arrears of wages or any tax or penalty for failure to

comply with the foregoing except for such liability which individually or in the aggregate would not constitute a Material Adverse Condition on the business or financial condition of the Station;

(iv) Buyer's consummation of the transactions contemplated by this Agreement in accordance with the terms hereof shall not, as a result of or in connection with the transactions contemplated hereby, impose upon Buyer the obligation to pay any severance or termination pay under any agreement, plan or arrangement binding upon Seller.

3.12 **Employee Benefit Plans.** Buyer's consummation of the transactions contemplated by this Agreement in accordance with the terms hereof shall not, as a result of or in connection with the transactions contemplated hereby, impose upon Buyer any obligation under any benefit plan, contract or arrangement (regardless of whether they are written or unwritten and funded or unfunded) covering employees or former employees of Seller in connection with their employment by Seller. For purposes of the Agreement, "benefit plans" shall include without limitation employee benefit plans within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended, vacation benefits, employment and severance contracts, stock option plans, bonus programs and plans of deferred compensation.

3.13 **Compliance with Law.** The operation of the Station complies in all material respects with the applicable rules and regulations of the FCC, and all other federal, state, local or other laws, statutes, ordinances, regulations, and any applicable order, writ, injunction or decree of any court, commission, board, agency or other instrumentality.

3.14 **Environmental Matters: OSHA.**

SRP and Seller hereby jointly and severally represent and warrant to Buyer as follows:

(a) SRP and Seller have obtained all material, environmental, health and safety permits necessary or required for either the operation of the Station as currently operated or the ownership of the Sale Assets and all such permits are in full force and effect and SRP and Seller are in compliance with all material terms and conditions of such permits.

(b) There is no proceeding pending or threatened which may result in the reversal, rescission, termination, modification or suspension of any environmental or health or safety permits necessary for the operation of the Station as currently conducted or the ownership of the Sale Assets.

(c) With respect to the Station and the Sale Assets, SRP and Seller are in compliance in all material respects with the provisions of Environmental Laws.

(d) Neither SRP nor Seller have, and no other Person has, caused or permitted materials to be generated, released, stored, treated, recycled, disposed of, on, under or at such parcels, which materials, if known to be present, would require clean up, removal or other remedial or responsive action under Environmental Laws (other than normal office, cleaning and

maintenance supplies in reasonable quantities used and /or stored appropriately in the buildings or improvements on the Real Property). Neither SRP nor Seller have caused the migration of any materials from the Sale Assets onto or under any property, which materials, if known to be present, would require cleanup, removal or other remedial or responsive action under Environmental Laws. There are no underground storage tanks and no PCBs or friable asbestos in or on the Sale Assets or Real Property.

(e) Neither SRP nor Seller and, to SRP's and Seller's knowledge, no other Person is subject to any judgment, decree, order or citation with respect to the Sale Assets related to or arising out of Environmental Laws, and neither SRP nor Seller have received notice that it has been named or listed as a potentially responsible party by any Person or governmental body or agency in any matter, under Environmental Laws.

(f) Neither SRP nor Seller and, to SRP's and Seller's knowledge, no other Person has discharged or disposed of any petroleum product or solid waste on the Real Property or on the property adjacent to the Real Property owned by third parties, which may form the basis for any present or future claim based upon the Environmental Laws in existence on the date hereof or as of the Closing, or any demand or action seeking clean-up of any site, location, body of water, surface or subsurface, under any Environmental Laws or otherwise, or which may subject the owner of the Real Property to claims by third parties (except to the extent third party liability can be established) for damages.

(g) Neither SRP nor Seller, and to SRP's and Seller's knowledge, no other Person has ever used any portion of the Sale Assets, in violation of Environmental Laws or as a landfill, dump site or any other use which involves the disposal or storage of Hazardous Materials on-site or in any manner which may constitute a Material Adverse Condition on the value of the Real Property or the Sale Assets.

(h) No pesticides, herbicides, fertilizers or other materials have been used on, applied to or disposed of on or in the Sale Assets in material violation of any Environmental Laws (other than normal office, cleaning and maintenance supplies in reasonable quantities used and/or stored appropriately in the buildings or improvements on the Real Property).

(i) With respect to the Sale Assets, SRP and Seller have disposed of all waste in full compliance with all Environmental Laws and there is no existing condition that may form the basis of any present or future claim, demand or action seeking clean up of any facility, site, location or body of water, surface or subsurface, for which the Buyer could be liable or responsible solely as a result of the disposal of waste at such site.

(j) SRP and Seller are in material compliance with all OSHA Laws applicable to the Sale Assets.

(k) Neither SRP nor Seller have received written notice of, nor are they the subject of, any actions, causes of action, claims, investigations, demands or notices alleging

liability under or non-compliance with Environmental Laws or that Seller is a potentially responsible party at any superfund site or state equivalent site with respect to the Real Property or Sale Assets.

(l) Neither SRP nor Seller have agreed to indemnify any predecessor or other party with respect to any environmental liability relating to the Real Property or Sale Assets.

3.15 **Tower Coordinates.** The current vertical elevation and geographical coordinates of the Station's towers ("the Tower Coordinates") are properly registered with the FCC and FAA; and the Tower Coordinates comply with and correspond to the current vertical elevation and geographical coordinates authorized by the FAA, FCC and any other governmental authority, including any federal, state or local authority having jurisdiction over the Station or said towers.

3.16 **Filing of Tax Returns.** Seller has filed all federal, state and local tax returns which are required to be filed, and has paid all taxes and all assessments to the extent that such taxes and assessments have become due, other than such local returns, taxes and assessments, the failure to file or pay would not, individually or in the aggregate, constitute a Material Adverse Condition.

3.17 **Absence of Insolvency.** No insolvency proceedings of any character including without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting the Seller or any of the Sale Assets, are pending or threatened, and Seller has made no assignment for the benefit of creditors, nor taken any action with a view to, or which would constitute the basis for the institution of, any such insolvency proceedings.

3.18 **Broker's or Finder's Fees.** Except for as set forth on Schedule 3.18, no agent, broker, investment banker or other Person or firm acting on behalf of or under the authority of Seller or any affiliate of Seller is or will be entitled to any broker's or finder's fee or any other commission or similar fee, directly or indirectly, in connection with the transactions contemplated by this Agreement.

3.19 **Insurance.** There is now, and through the Closing Date there shall be, in full force and effect with reputable insurance companies fire and extended coverage insurance with respect to all material tangible Sale Assets and public liability insurance, all in commercially reasonable amounts, and the Sale Assets shall be insured to cover the full amount of any loss.

3.20 **No Undisclosed Liabilities.** As of the Closing Date, Seller has no liabilities or obligations of any nature, whether or not accrued, contingent or otherwise, of a type required by GAAP to be reflected on a consolidated balance sheet that relates to the Station or the Sale Assets except liabilities or obligations which would not in the aggregate constitute a Material Adverse Condition.

3.21 **Absence Of Certain Changes Or Events.** As of the Closing Date and subject to Section 5.1 of this Agreement, the Station and Sale Assets shall have been conducted and utilized in all material respects in the ordinary course and there has not been any event, circumstance, occurrence or development that has or will constitute a Material Adverse Condition on the Station or Sale Assets.

3.22 **Financial Schedules.** Attached hereto as Schedule 3.22 are copies of documents which have been previously provided to Buyer related to the financial performance of the Station (collectively the "Financial Schedules"). The Financial Schedules have been prepared by management of Seller in accordance with Seller's historical accounting practices for the Station during the periods covered.

3.23 **Intellectual Property.** To Seller's actual knowledge, Seller has good, marketable and valid title to all of the Intellectual Property. Except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Condition on the Sale Assets, the Station has been operated in such a manner so as not to violate or infringe upon the rights of, or give rise to any rightful claim of any person for copyright, trademark, service mark, patent, license, trade secret infringement or the like.

3.24 **Transactions with Affiliates.** Except as set forth on Schedule 3.24, with respect to the Station, Seller is not a party to any contract or any other arrangement of any kind whatsoever with any affiliate of Seller.

3.25 **Insurance.** Seller maintains insurance policies (including, without limitation, public liability and broadcaster's liability insurance) covering it, the Station and the Sale Assets in amounts and of the types customarily maintained for the operation of a radio station similar in format to the Station. All of such policies are in full force and effect and Seller is not in default of any material provision thereof. Seller has received no notice from any issuer of any such policies of its intention to cancel, terminate or refuse to renew any policy issued by it.

3.26 **Solvency.** Following consummation of the transactions contemplated hereby, the fair value of the property of the Seller shall be greater than the total amount of the liabilities retained by the Seller, including contingent liabilities of the Seller.

3.27 **Representations Complete.** None of the representations or warranties made by Seller, nor any statement made in any document or certificate furnished by Seller pursuant to this Agreement contains or will contain at the Closing, any untrue statement of a material fact, or omits or will omit at the Closing, to state any material fact necessary in order to make the statements contained herein or therein, in the light of the circumstances under which they were made, not misleading.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as follows:

4.1 **Organization and Good Standing.** Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. Buyer has all requisite corporate power to own, operate and lease its properties and carry on its business as it is now being conducted and as the same will be conducted following the Closing.

4.2 **Authorization and Binding Effect of Documents.** Buyer's execution and delivery of, and the performance of its obligations under, this Agreement and each of the other Documents, and the consummation by Buyer of the transactions contemplated hereby and thereby, have been duly authorized and approved by all necessary action on the part of Buyer. Buyer has the power and authority to execute, deliver and perform its obligations under this Agreement and each of the other Documents and to consummate the transactions hereby and thereby contemplated. This Agreement and each of the other Documents have been, or at or prior to the Closing will be, duly executed by Buyer. The Documents, when executed and delivered by the parties hereto, will constitute the valid and legally binding agreement of Buyer, enforceable against Buyer in accordance with their terms, except as may be limited by bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights or remedies generally, and except as may be limited by general principles of equity.

4.3 **Absence of Conflicts.** Buyer's execution and delivery of, and the performance of its obligations under, this Agreement and each of the other Documents and the consummation by Buyer of the transaction contemplated hereby and thereby:

(a) do not in any material respect (with or without the giving of notice or the passage of time or both) violate or result in the creation of any claim, lien, charge or encumbrance on any of the assets or properties of Buyer under any provision of law, rule or regulation or any order, judgment, injunction, decree or ruling applicable to Buyer in any manner which would have a material adverse effect on the assets, business, operation or financial condition or results of operations of Buyer;

(b) do not (with or without the giving of notice or the passage of time or both) conflict with or result in a breach or termination of, or constitute a default or give rise to a right of termination or acceleration under, the articles of incorporation or bylaws of Buyer or any lease, agreement, commitment, or other instrument which Buyer is a party to, bound by, or by which any of its assets or properties may be bound, the results of which would be a Material Adverse Condition.

4.4 **Governmental Consents and Consents of Third Parties.** Except for the required consent of the FCC, Buyer's execution and delivery of, and the performance of its obligations under, this Agreement and each of the other Documents and the consummation by Buyer of the transaction contemplated hereby and thereby, do not require the consent, waiver,

approval, permit, license, clearance or authorization of, or any declaration or filing with, any court or public agency or other authority, or the consent of any Person under any agreement, arrangement or commitment of any nature to which Buyer is a party or by which it is bound, the failure of which to obtain would have a material adverse effect on the assets, business, operation or financial condition or results of operations of Buyer.

4.5 Qualification.

(a) Buyer has no knowledge after due inquiry of any facts concerning Buyer or any other Person with an attributable interest in Buyer (as such term is defined under the Rules and Regulations) which, under present law (including the Act) and the Rules and Regulations, would (i) disqualify Buyer from being the holder of the FCC Licenses, the owner of the Sale Assets or the operator of the Station upon consummation of the transactions contemplated by this Agreement, or (ii) raise a substantial and material question of fact (within the meaning of Section 309(e) of the Act) respecting Buyer's qualifications.

(b) Without limiting the foregoing Subsection(a), Buyer shall make the affirmative certifications provided in Section III of FCC Form 314, or as may be required on any form required by the FCC to obtain its consent to this transaction, at the time of filing of such form with the FCC as contemplated by Section 5.2.

4.6 Broker's or Finder's Fees. Except for the fees charged by John Pierce and Co. which shall be paid by Seller, no agent, broker, investment banker, or other Person or firm acting on behalf of or under the authority of Buyer, Seller or any affiliate of Buyer or Seller is or will be entitled to any broker's or finder's fee or any other commission or similar fee, directly or indirectly, in connection with transactions contemplated by this Agreement.

4.7 Litigation. Except for matters affecting the radio broadcast industry generally, there are no legal, administrative, arbitration or other proceedings or governmental investigations pending or, to the knowledge of Buyer, threatened against Buyer that would give any third party the right to enjoin the transactions contemplated by this Agreement.

4.8 Representations Complete. None of the representations or warranties made by Buyer, nor any express statement made in any document or certificate furnished by Buyer pursuant to this Agreement contains or will contain at the Closing, any untrue statement of a material fact, or omits or will omit at the Closing, to state any material fact necessary in order to make the statements contained herein or therein, in the light of the circumstances under which they were made, not misleading.

ARTICLE V

TRANSACTIONS PRIOR TO THE CLOSING DATE

5.1 Conduct of the Station's Business Prior to the Closing Date. Seller (and SRP with respect to Sections 5.1(a), (f), (g) and (l)) covenants and agrees with Buyer that between the date hereof and the Closing Date, unless the Buyer otherwise agrees in writing (which agreement shall not be unreasonably withheld or delayed), Seller and SRP shall:

(a) Use reasonable commercial efforts to maintain insurance upon all of the Sale Assets in such amounts and of such kind to cover the full amount of any loss with respect to such Sale Assets and with respect to the operation of the Station, with insurers of substantially the same or better financial condition as are currently insuring the Sale Assets;

(b) Operate the Station and otherwise conduct its business in accordance with the terms or conditions of its FCC Licenses, the Rules and Regulations, the Act and all other rules and regulations, statutes, ordinances and orders of all governmental authorities having jurisdiction over any aspect of the operation of the Station, except where the failure to so operate would not constitute a Material Adverse Condition on the Sale Assets or the operation of the Station or on the ability of Seller to consummate the transactions contemplated hereby;

(c) Not seek to modify the FCC Licenses in any way without Buyer's consent, which consent shall not be unreasonably withheld;

(d) Comply in all material respects with all Station Agreements Buyer is assuming now or hereafter existing;

(e) Promptly notify Buyer of any default by, or claim of default against, any party under any Station Agreements Buyer is assuming and any event or condition which, with notice or lapse of time or both, would constitute an event of default under such Station Agreements;

(f) Not mortgage, pledge or subject any of the Sale Assets to any Lien other than a Permitted Lien;

(g) Not sell, lease or otherwise dispose of, nor agree to sell, lease or otherwise dispose of, any of the Sale Assets;

(h) Not amend or terminate any Station Agreement;

(i) Not introduce any material change with respect to the operation of the Station including, without limitation, any material changes in the broadcast hours of the Station, any changes to the Station's call letters or any material change in the Station's programming policies, except such changes as in the sole discretion of Seller, exercised in good faith after consultation with Buyer, are required by the public interest;

(j) Notify Buyer of any complaints, investigations, hearing or any material litigation pending or threatened against Station or any material damage to or destruction of any

assets included or to be included in the Sale Assets.

(k) Not undertake any material increase in compensation payable or to become payable to the Stations' employees other than those in the normal and usual course of business;

(l) Operate the Station's facilities in good faith and in a manner consistent with the normal and prudent operation of similar commercial broadcast station facilities and maintain all of the Sale Assets in good operating condition, ordinary wear and tear excepted; and

(m) Not take any action that would prevent or delay (a) the grant of Final Action or (b) Seller from consummating the transactions contemplated in this Agreement.

5.2 **Governmental Consents.** Seller and Buyer shall file with the FCC, within ten (10) business days after the execution of this Agreement, such applications and other documents in the name of Seller or Buyer, as appropriate, as may be necessary or advisable to obtain the FCC Order. Seller and Buyer shall take all commercially reasonable steps necessary to prosecute such filings with diligence and shall diligently oppose any objections to, appeals from or petitions to reconsider such approval of the FCC, to the end that the FCC Order and a Final Action with respect thereto may be obtained as soon as practicable; provided, however, that in the event the application for assignment of the FCC Licenses has been designated for hearing, either Buyer or Seller may elect to terminate this Agreement pursuant to Section 10.1(c). Buyer shall not knowingly take, and Seller covenants that Seller shall not knowingly take, any action that such party knows or has reason to know would materially and adversely affect or materially delay issuance of the FCC Order or materially and adversely affect or materially delay its becoming a Final Action without a Material Adverse Condition, unless such action is requested or required by the FCC, its staff or the Rules and Regulations. Should Buyer or Seller become aware of any facts which could reasonably be expected to materially and adversely affect or materially delay issuance of the FCC Order without a Material Adverse Condition (including but not limited to, in the case of Buyer, any facts which would reasonably be expected to disqualify Buyer from controlling the Station), such party shall promptly notify the other party thereof in writing and both parties shall cooperate to take all steps necessary or desirable to resolve the matter expeditiously and to obtain the FCC's approval of matters pending before it. Subject to the terms and conditions herein provided, Buyer and Seller shall promptly determine whether any filings are required to be made with, or consents, permits, authorizations or approvals are required to be obtained from, any other governmental agency or regulatory body of the federal, state and local jurisdictions in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, and take all reasonable actions necessary to obtain any required permits, authorizations or appraisals.

5.3 **Other Consents.** Seller shall use its reasonable best efforts to obtain the consent or waivers to the transactions contemplated by this Agreement required under any assumed Station Agreements, including any estoppel certificates Seller is required to deliver pursuant to Section 8.2(k); provided that Seller shall not be required to pay or grant any material

consideration in order to obtain any such consent or waiver, except if such consideration is set forth in a Station Agreement.

5.4 Tax Returns and Payments. All taxes pertaining to ownership of the Sale Assets or operation of the Station prior to the Closing Date will be timely paid; provided that Seller and SRP shall not be required to pay any such tax so long as the validity thereof shall be contested in good faith by appropriate proceedings and Seller and SRP shall have set aside adequate reserves with respect to any such tax to the reasonable satisfaction of Buyer.

5.5 Access Prior to the Closing Date. Prior to the Closing, Buyer and its representatives may make such reasonable investigation of the assets and business of the Station and the Sale Assets as it may desire; and Seller and SRP shall give to Buyer, its engineers, counsel, accountants and other representatives reasonable access during normal business hours throughout the period prior to the Closing to personnel and all of the assets, books, records and files of or pertaining to the Station and the Sale Assets, provided that (i) Buyer shall give Seller reasonable advance notice of each date on which Buyer or any such other Person or entity desires such access, (ii) the investigations at the offices of Seller and SRP shall be reasonable in number and frequency and, (iii) all investigations shall be conducted in such a manner as not to physically damage any property or constitute a disruption of the operation of the Station or Seller. Seller shall furnish to Buyer during such period all documents and copies of documents and information concerning the business and affairs of Seller and the Station as Buyer may reasonably request. No investigation or information furnished pursuant to this Section 5.5 shall affect any representations or warranties made by the Seller herein.

5.6 Confidentiality: Press Release. All information, data and materials furnished or to be furnished to either party with respect to the other party in connection with this transaction or pursuant to this Agreement are confidential. Each party agrees that prior to Closing (a) it shall not disclose or otherwise make available, at any time, any such information, data or material to any Person who does not have a confidential relationship with such party; (b) it shall protect such information, data and material with a high degree of care to prevent the disclosure thereof; and (c) if, for any reason, this transaction is not consummated, all information, data or material concerning the other party obtained by such party, and all copies thereof, will be returned to the other party. After Closing, neither party will disclose or otherwise make available to any Person any of such information, data or material concerning the other party, except as may be necessary or appropriate in connection with the operation of the Station by Buyer. Each party shall use its reasonable efforts to prevent the violation of any of the foregoing confidentiality provisions by its respective representatives. Notwithstanding the foregoing, nothing contained herein shall prohibit Buyer or Seller or SRP from:

(i) using such information, data and materials in connection with any action or proceeding brought or any claim asserted by Buyer or Seller in respect of any breach by the other of any representation, warranty or covenant made in or pursuant to this Agreement; or

(ii) supplying or filing such information, data or materials to or with the FCC or SEC or any other valid governmental or court authority to the extent required by law or reasonably necessary to obtain any consent, waiver, amendment, modification, approval, authorization, permit or license which may be necessary to effectuate this Agreement, and to consummate the transaction contemplated herein.

In the event that either party determines in good faith that a press release or other public announcement is desirable under any circumstances, the parties shall consult with each other to determine the appropriate timing, form and content of such release or announcement.

5.7 Reasonable Best Efforts. Subject to the terms and conditions of this Agreement, each of the parties hereto will use its reasonable best efforts to take all action and to do all things necessary, proper or advisable to satisfy any condition to the parties' obligations hereunder in its power to satisfy and to consummate and make effective as soon as practicable the transactions contemplated by this Agreement.

5.8 FCC Reports. Seller shall continue to file, on a current basis until the Closing Date, all reports and documents required to be filed with the FCC with respect to the Station. Seller shall provide Buyer with copies of all such filings within five business days of the filing with the FCC.

5.9 Conveyance Free and Clear of Liens. At or prior to the Closing, Seller and SRP shall obtain executed releases, in suitable form for filing and otherwise in form and substance reasonably satisfactory to Buyer, of any security interests granted in the Sale Assets and properties as security for payment of loans and other obligations or judgments and of any other Liens on the Sale Assets. At the closing, Seller and SRP shall transfer and convey to Buyer all of the Sale Assets free and clear of all Liens except Permitted Liens.

5.10 Environmental Assessment. Not later than sixty (60) days after execution of this Agreement, Buyer may obtain a Phase I ("the Phase I") environmental assessment of the Sale Assets by an environmental engineer selected by Buyer. Within fourteen (14) days after Buyer's receipt of the Phase I, if the Phase I indicates environmental conditions may exist on, under or affect such properties that may constitute a violation or breach of Seller's representations and warranties contained in Section 3.14 of this Agreement or cause the condition contained in Section 6.10 to not be satisfied, then Buyer shall be entitled to obtain a Phase II ("the Phase II") environmental assessment of the Real Property, or any portion thereof. (The Phase I and the Phase II, if obtained, shall be referred to herein as the "Environmental Assessment"). Buyer shall commission and pay the cost of such Environmental Assessment and shall provide a copy to Seller. The Environmental Assessment shall be subject to the confidentiality provisions of Section 5.6. If after appropriate inquiry into the previous ownership of and uses of the Real Property consistent with good commercial or customary practice, the engineer concludes that environmental conditions exist on, under or affecting such properties that would constitute a violation or breach of Seller's representations and warranties contained in Section 3.14 of this Agreement or cause the condition contained in Section 6.10 to not be satisfied, then Buyer may (i) elect to proceed with Closing, or (ii) terminate the Agreement at the

sole option of Buyer.

5.11 **No Inconsistent Activities.** Seller and SRP agree that they shall not, nor shall they authorize or permit any officer, director, employee, investment banker, attorney, advisor or agent, to directly or indirectly, solicit, initiate or encourage the submission of, or participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, or take any other action to facilitate any inquiries or the making of any proposal by any party to acquire the Station or the Sale Assets.

ARTICLE VI

CONDITIONS PRECEDENT TO THE OBLIGATIONS OF BUYER TO CLOSE

Buyer's obligation to close the transaction contemplated by this Agreement is subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions, unless waived by Buyer in writing:

6.1 Accuracy of Representations and Warranties: Closing Certificate.

(a) The representations and warranties of Seller and SRP contained in this Agreement or in any other Document shall be complete and correct at the Closing Date with the same effect as though made at such time except for changes that do not constitute a Material Adverse Condition on the Station or the Sale Assets taken as a whole.

(b) Seller and SRP shall have delivered to Buyer on the Closing Date a certificate that (i) the condition specified in Section 6.1(a) is satisfied as of the Closing Date, and (ii) the condition specified in Section 6.2 is satisfied as of the Closing Date.

6.2 **Performance of Agreements.** Seller and SRP shall have performed in all material respects all of its covenants, agreements and obligations required by this Agreement and each of the other Documents to be performed or complied with by it prior to or upon the Closing Date.

6.3 FCC and Other Consents.

(a) The FCC Order shall have been issued by the FCC and shall have become a Final Action without any Material Adverse Condition.

(b) Seller shall have satisfied all material conditions which the FCC Order or any order, ruling or decree of any judicial or administrative body relating thereto or in connection therewith specifies and requires to be satisfied by Seller prior to transfer of the FCC Licenses to Buyer.

(c) All other material authorizations, consents, approvals and clearances of federal, state or local governmental agencies required to permit the consummation by Buyer of the transactions contemplated by this Agreement including, without limitation, the assignment of any FCC Licenses requested by Buyer, shall have been obtained; all material statutory and regulatory requirements for such consummation shall have been fulfilled; and no such authorizations, consents, approvals or clearances shall contain any conditions that individually or in the aggregate would constitute a Material Adverse Condition.

6.4 **Adverse Proceedings.** Neither Buyer nor any affiliate of Buyer shall be subject to any ruling, decree, order or injunction restraining, imposing material limitations on or prohibiting (i) the consummation of the transactions contemplated hereby or (ii) its participation in the operation, management, ownership or control of the Station; and no litigation, proceeding or other action seeking to obtain any such ruling, decree, order or injunction shall be pending. No governmental authority having jurisdiction shall have notified any party to this Agreement that consummation of the transaction contemplated hereby would constitute a violation of the laws of the United States or of any state or political subdivision or that it intends to commence proceedings to restrain such consummation or to force divestiture, unless such governmental authority shall have withdrawn such notice. No governmental authority having jurisdiction shall have commenced any such proceeding.

6.5 **Opinion of Seller's FCC Counsel.** Buyer shall have received from Seller's FCC counsel an opinion, dated the Closing Date, in form and substance reasonably satisfactory to Buyer's FCC counsel, to the effect that:

(a) The FCC Licenses listed on Schedule 3.8 are valid, in good standing and in full force and effect and include all material licenses, permits and authorizations which are necessary under the Rules and Regulations for Seller to operate the Station in the manner in which the Station is currently being operated.

(b) To counsel's knowledge, no condition has been imposed by the FCC as part of any FCC License which is not set forth on the face thereof as issued by the FCC or contained in the Rules and Regulations applicable generally to stations of the type, nature, class or location of the Station.

(c) No proceedings are pending or, to counsel's knowledge, are threatened which may result in the revocation, modification, non-renewal of, suspension of, or the imposition of a Material Adverse Condition upon, any of the FCC Licenses, the denial of any pending applications, the issuance of any cease and desist order or the imposition of any fines, forfeitures or other administrative actions by the FCC which would constitute a Material Adverse Condition on the continued operation of the Station, other than proceedings affecting the radio broadcasting industry in general.

In rendering such opinion, counsel shall be entitled to rely upon Seller's representations and warranties in this Agreement and to limit its inquiry to its files and such FCC files and records as are available to it as of 10:00 o'clock A.M. Eastern time the business day immediately

preceding the Closing Date. Counsel may state that, as to any factual matters embodied in, or forming a basis for any legal opinion expressed in, such opinion, counsel's knowledge is based solely on such inquiry.

6.6 **Other Consents.** Seller shall have obtained in writing and provided to Buyer on or before the Closing Date, without any condition materially adverse to Buyer or the Station, the material consents or waivers to the transactions contemplated by this Agreement required under those Station Agreements which Buyer has elected to assume. A list of such consents are provided on Schedule 3.4 hereto.

6.7 **Other Conditions.** (a) Seller shall be the holder of the FCC Licenses and there shall not have been any modification with respect to such FCC Licenses which results in a Materially Adverse Condition on the Station or the conduct of its business or operations other than proceedings generally applicable to the radio broadcast industry; (b) no proceeding (other than proceedings generally applicable to the radio broadcast industry) shall be pending, the reasonably likely effect of which would be to revoke, cancel, fail to renew, suspend, or adversely modify the FCC Licenses; and (c) except as generally applicable to the radio broadcast industry, between the date of this Agreement and the Closing Date, there shall have been no material adverse change to the Station or of the Assets;

6.8 **Delivery of Closing Documents.** Seller and SRP shall have delivered or caused to be delivered to Buyer on the Closing Date each of the Documents required to be delivered pursuant to Section 8.2.

6.9 **No Cessation of Broadcasting.**

(a) Between the date hereof and the Closing Date, the Station shall not have for a period of more than ten (10) days, (i) ceased broadcasting on its authorized frequency, (ii) lost substantially all of its normal broadcasting capability or (iii) been broadcasting at a power level of 90% or less of its FCC authorized level. Seller shall promptly notify Buyer of the occurrence of any one or more of the foregoing events or conditions.

(b) In addition, during the five (5) days immediately preceding the Closing Date, the Station shall have been operating continuously with substantially all of its normal broadcasting capability except for cessation or reductions for insignificant periods of time resulting from occurrences (such as lightning strikes) over which Seller has no control. Seller shall have the right to delay Closing for a period not to exceed thirty (30) days if Seller reasonably determines that any action to restore the Station substantially all of its normal broadcasting capability can be completed during such delay period.

6.10 **Environmental Conditions.** The Environmental Assessment obtained by Buyer pursuant to Section 5.10 hereof shall not have disclosed any material violation of any Environmental Law which is not removed or cured by Seller or SRP prior to Closing to Buyer's reasonable satisfaction.

6.11 **Survey and Title Policy.** Within ten (10) business days after execution of this Agreement, Seller shall provide Buyer with the originals or readable copies of any surveys and title policies of the Real Property (the "Title Work") in Seller's possession. All costs associated with updating such Title Work or preparing new Title Work shall be paid by Buyer, and such new Title Work shall not have disclosed any title defect or Lien that is not removed or cured by SRP prior to Closing to Buyer's reasonable satisfaction.

ARTICLE VII

CONDITIONS PRECEDENT OF THE OBLIGATION OF SELLER TO CLOSE

The obligation of Seller to close the transaction contemplated by this Agreement is subject to the satisfaction, on or prior to the closing Date, of each of the following conditions, unless waived by Seller in writing:

7.1 Accuracy of Representations and Warranties.

(a) The representations and warranties of Buyer contained in this Agreement shall be complete and correct on the date hereof and at the Closing Date with the same effect as though made at such time except for changes that are not materially adverse to Seller.

(b) Buyer shall have delivered to Seller on the Closing Date a certificate that (i) the condition specified in Section 7.1(a) is satisfied as of the Closing Date, and (ii) the conditions specified in Section 7.2 are satisfied as of the Closing Date.

7.2 **Performance of Agreements.** Buyer shall have performed in all material respects all of its covenants, agreements and obligations required by this Agreement and each of the other Documents to be performed or complied with by it prior to or upon the Closing Date.

7.3 FCC and Other Consents.

(a) The FCC Order shall have been issued by the FCC and shall have become effective under the rules of the FCC, without any condition materially adverse to Seller.

(b) Conditions which the FCC Order or any order, ruling or decree of any judicial or administrative body relating thereto or in connection therewith specifies and requires to be satisfied by Buyer prior to transfer of the FCC Licenses to Buyer shall have been satisfied by Buyer.

(c) All other authorizations, consents, approvals and clearances of all federal, state and local governmental agencies required to permit the consummation by Seller of the transactions contemplated by this Agreement shall have been obtained; all statutory and regulatory requirements for such consummation shall have been fulfilled; and no such

authorizations, consents, approvals or clearances shall contain any conditions that individually or in the aggregate would have any material adverse effect on Seller.

7.4 **Adverse Proceedings.** Seller shall not be subject to any ruling, decree, order or injunction restraining, imposing material limitations on or prohibiting the consummation of the transactions contemplated hereby. No governmental authority having jurisdiction shall have notified any party to this Agreement that consummation of the transactions contemplated hereby would constitute a violation of the laws of the United States or of any state or political subdivision or that it intends to commence proceedings to restrain such consummation or to force divestiture, unless such governmental authority shall have withdrawn such notice. No governmental authority having jurisdiction shall have commenced any such proceeding.

7.5 **Delivery of Closing Documents and Purchase Price.** Buyer shall have delivered or caused to be delivered to Seller on the Closing Date each of the Documents required to be delivered pursuant to Section 8.3, and Seller shall have received payment of the Purchase Price with the form of payment set forth in Section 2.5.

ARTICLE VIII

CLOSING

8.1 **Time and Place.** Unless otherwise agreed to in advance by the parties, Closing shall take place in person or via facsimile at the offices of Buyer's counsel in Washington, DC, or at such other place as the parties agree, at 10:00 A.M. Eastern Time on the date (the "Closing Date") that is the later of (i) the fifth Business Day after the Applicable Date, or (ii) the date as soon as practicable following satisfaction or waiver of the conditions precedent hereunder. The "Applicable Date" shall be the date on which issuance of the FCC Order without any Material Adverse Condition or condition materially adverse to Seller has become effective under the rules of the FCC and become a Final Action.. Notwithstanding the foregoing, the parties will endeavor in good faith to effect the Closing simultaneously in different locations to avoid the travel and additional expense of requiring all parties to be located in the same place and in connection therewith the parties will deliver, in escrow, to opposing counsel and other appropriate parties, all agreements, instructions, documents, releases, certificates, wire transfer instructions, pay-off instructions, UCC-3's and other matters and things necessary to effect Closing in such manner.

8.2 **Documents to be Delivered to Buyer by Seller and SRP.** At the Closing, Seller and SRP shall deliver or cause to be delivered to Buyer the following:

(a) Certified resolutions of the Board of Directors and Shareholders of Seller and SRP approving the execution and delivery of this Agreement and each of the other Documents and authorizing the consummation of the transactions contemplated hereby and thereby.

(b) The certificate required by Section 6.1(b).

(c) A bill of sale and other instruments of transfer and conveyance transferring to Buyer the Sale Assets.

(d) Executed releases, in suitable form for filing and otherwise in form and substance reasonably satisfactory to Buyer, of any security interests granted in the Sale Assets as security for payment of loans and other obligations and of any other Liens (other than Permitted Liens).

(e) An instrument or instruments assigning to Buyer all right, title and interest of Seller in and to all Station Agreements being assumed by Buyer, and all right, title and interest of SRP with respect to the Real Property, including without limitation, any leases, easements or licenses for the Real Property.

(f) An instrument assigning to Buyer all right, title and interest of Seller in the FCC Licenses, and all other assignable or transferable governmental permits, licenses and authorizations (and any renewals, extensions, amendments or modifications thereof).

(g) The opinion of Seller's FCC counsel, dated the Closing Date, to the effect set forth in Section 6.5.

(h) True and correct copies of all records as described in Section 2.1(e) hereof.

(i) To the extent Buyer assumes any leases, an estoppel certificate executed by the lessor and lessee in a form satisfactory to Buyer, confirming the terms of such lease and that Seller is not in default under, or in breach of, such lease.

(j) A Certificate of Good Standing issued no more than thirty (30) days prior to Closing by the states of incorporation of Seller and SRP and the Commonwealth of Virginia.

(k) Such additional information and materials as Buyer shall have reasonably requested, including without limitation, evidence that all consents and approvals required as a condition to Buyer's obligation to close hereunder have been obtained.

(l) General Warranty Deed and FIRPTA.

(m) Copies of all consents required by Section 6.6 herein.

(n) Lien search results from the applicable jurisdictions for Seller and SRP dated no earlier than 10 days prior to the Closing Date.

(o) Applicable instructions from the Escrow Agent to release the Earnest Money.

- (p) Such documents as are reasonably necessary to evidence the transfer of the Easement Agreement to Buyer.

8.3 **Documents to be Delivered to Seller by Buyer.** At the Closing, Buyer shall deliver or cause to be delivered to Seller the following:

- (a) Certified resolutions of Buyer's Board of Directors approving the execution and delivery of this Agreement and each of the other Documents and authorizing the consummation of the transaction contemplated hereby and thereby.
- (b) The Purchase Price as set forth in Section 2.5.
- (c) The agreement of Buyer assuming the obligations under any Station Agreements being assumed by Buyer.
- (d) The certificate required under Section 7.1(b).
- (e) Such additional information and materials as Seller shall have reasonably requested.

ARTICLE IX

SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION

9.1 **Survival of Representation and Warranties.** All representations, warranties, covenants and agreements contained in this Agreement or in any other Document shall survive the Closing for the Survival Period and the Closing shall not be deemed a waiver by either party of the representations, warranties, covenants or agreements of the other party contained herein or in any other Document. No claim may be brought under this Agreement or any other Document unless written notice describing in reasonable detail the nature and basis of such claim is given on or prior to the last day of the Survival Period. In the event such a notice is so given, the right to indemnification with respect thereto under this Article shall survive the Survival Period until such claim is finally resolved and any obligations with respect thereto are fully satisfied. For purposes of this agreement the "Survival Period" shall be twelve (12) months after the Closing Date except as follows:

- (a) Any representation and warranty contained in this Agreement shall be subject to the twelve (12) month Survival Period, except that any representation or warranty of Buyer, Seller and SRP as to (i) such party's qualification and authority to consummate the transactions contemplated hereby, (ii) title of the parties to the Station or Sale Assets, or (iii) any tax obligation of Seller and SRP, the Survival Period shall be indefinite; and,

(b) As to any representation and warranty relating to any Station Agreement, the Survival Period shall be for the presently existing term of such assumed Station Agreement plus any applicable period of time under any applicable law governing the bringing of claims under such Station Agreement.

9.2 **Indemnification in General.** Buyer, Seller and SRP agree that the rights to indemnification and to be held harmless set forth in this Agreement shall, as between the parties hereto and their respective successors and assigns, be exclusive of all rights to indemnification and to be held harmless that such party (or its successors or assigns) would otherwise have by statute, common law or otherwise. Except with respect to claims based on actual fraud or intentional misrepresentation, each party's rights under this Article IX shall be the sole and exclusive remedies with respect to claims resulting from or relating to any misrepresentation, breach of warranty or failure to perform any covenant or agreement contained in this Agreement or otherwise relating to the transactions that are the subject of this Agreement. Without limiting the generality of the foregoing, in no event shall either party or any Person claiming through, by or on behalf of either party, be entitled to claim or seek rescission of the transactions consummated under this Agreement.

9.3 **Indemnification by Seller.**

(a) Subject to the provisions of Section 9.3(b) below and Section 10.2 below, Seller and SRP shall jointly and severally indemnify and hold harmless Buyer and any officer, director, agent, employee and affiliate thereof with respect to any and all demands, claims, actions, suits, proceedings, assessments, judgments, costs, losses, damages, liabilities and expenses (including reasonable attorneys' fees), relating to or arising out of:

(i) Any breach or non-performance by Seller or SRP of any of their representations, warranties, covenants or agreements set forth in this Agreement or any other Documents;

(ii) The ownership or operation by Seller or SRP of the Station and the Sale Assets on or prior to the Closing Date, other than the Assumed Obligations;

(iii) All other liabilities and obligations of Seller or SRP other than the Assumed Obligations;

(iv) Noncompliance by Seller or SRP with the provisions of the Bulk Sales Act, if applicable, in connection with the transactions contemplated hereby;

(v) Any violation of any Environmental Laws by Seller or SRP or the existence of any Hazardous Materials on the Real Property on or before Closing.

(b) Except for any amounts owed by Seller or SRP to Buyer under Section 9.3(a)(iv), and Section 2.7, if Closing occurs, Seller and SRP shall not be obligated until the amount of such claims, liabilities, damages, losses, costs and expenses exceeds Buyer's

Threshold Limitation, in which case Buyer shall then be entitled to indemnification of the entire amount.

9.4 Indemnification by Buyer.

(a) Subject to the provisions of Section 9.4(b) below and Section 10.2 below, Buyer shall indemnify and hold harmless Seller and any officer, director, agent, employee and affiliate thereof with respect to any and all demands, claims, actions, suits, proceedings, assessments, judgments, costs, losses, damages, liabilities and expenses (including reasonable attorneys' fees) relating to or arising out of:

(i) Any breach or non-performance by Buyer of any of its representations, warranties, covenants or agreements set forth in this Agreement or any other Document; or

(ii) The ownership or operation of the Station after the Closing Date; or

(iii) All other liabilities or obligations of Buyer pursuant to the terms of this Agreement, including, without limitation, the Assumed Obligations.

(b) Except for any amounts owed by Buyer to Seller under Section 2.7, if Closing occurs, Buyer shall not be obligated until the amount of such claims, liabilities, damages, losses, costs and expenses exceeds Seller's Threshold Limitation, in which case Seller shall then be entitled to indemnification of the entire amount.

9.5 Indemnification Procedures. In the event that an Indemnified Party may be entitled to indemnification hereunder with respect to any asserted claim of, or obligation or liability to, any third party, such party shall notify the Indemnifying Party thereof, describing the matters involved in reasonable detail, and the Indemnifying Party shall be entitled to assume the defense thereof upon written notice to the Indemnified Party with counsel reasonably satisfactory to the Indemnified Party; provided, that once the defense thereof is assumed by the Indemnifying Party, the Indemnifying Party shall keep the Indemnified Party advised of all developments in the defense thereof and any related litigation, and the Indemnified Party shall be entitled at all times to participate in the defense thereof at its own expense. If the Indemnifying Party fails to notify the Indemnified Party of its election to defend, or contests its obligation to indemnify under this Article IX, the Indemnified Party may pay, compromise, or defend such a claim without prejudice to any right it may have hereunder.

ARTICLE X

TERMINATION; LIQUIDATED DAMAGES

10.1 Termination. If Closing shall not have previously occurred, this Agreement shall terminate upon the earliest of:

if: (a) the giving of written notice from Seller to Buyer, or from Buyer to Seller,

(i) Seller gives such termination notice and is not at such time in material default hereunder, or Buyer gives such termination notice and Buyer is not at such time in material default hereunder; and

(ii) Either:

(A) Any of the representations or warranties contained herein of Buyer (if such termination notice is given by Seller), or of Seller or SRP (if such termination notice is given by Buyer), are inaccurate in any respect and materially adverse to the party giving such termination notice unless the inaccuracy has been induced by or is the result of actions or omissions of the party giving such termination notice; or

(B) Any material obligation to be performed by Buyer (if such termination notice is given by Seller) or by Seller or SRP (if such termination notice is given by Buyer) is not timely performed in any material respect unless the lack of timely performance has been induced by or is the result of actions or omissions of the party giving such termination notice; or

(C) Any condition (other than those referred to in Section 10.1(a)(ii)(A) or Section 10.1(a)(ii)(B)) to the obligation to close the transaction contemplated herein of the party giving such termination notice has not been timely satisfied, and

(iii) any such inaccuracy, failure to perform or non-satisfaction of a material condition neither has been cured nor satisfied within twenty (20) days after written notice thereof from the party giving such termination notice nor waived in writing by the party giving such termination notice; provided however that such opportunity to cure shall not apply to the failure of a party to perform its obligations set forth in Article VIII herein.

(b) Written notice from Seller to Buyer, or from Buyer to Seller, at any time after twelve (12) months from the date this Agreement is executed; provided that termination shall not occur upon the giving of such termination notice by Seller if Seller is at such time in material default hereunder or upon the giving of such termination notice by Buyer if Buyer is at such time in material default hereunder.

(c) Written notice from Seller to Buyer, or from Buyer to Seller, at any time following a determination by the FCC that the application for consent to assignment of the FCC Licenses has been designated for hearing; provided that the party which is the subject of the hearing (or whose alleged actions or omissions resulted in the designation for hearing) may not elect to terminate under this Section 10.1(c).

(d) The written election by Buyer under Section 5.10 or Article XI.

10.2 Obligations Upon Termination.

(a) In the event this Agreement is terminated pursuant to Section 10.1(a)(ii)(A) or Section 10.1(a)(ii)(B), the aggregate liability of Buyer for breach hereunder shall be limited as provided in Section 10.2(c) and Section 10.2(e) below, and the aggregate liability for Seller for breach hereunder shall be limited as provided in Section 10.2(d) and Section 10.2(e) below. In the event this Agreement is terminated for any other reason, neither party shall have any liability hereunder.

(b) Upon termination of this Agreement, Buyer shall be entitled to the return of the Earnest Money from the Escrow Agent under the Escrow Agreement (i) if such termination is effected by Buyer's giving of valid written notice to Seller pursuant to Section 10.1(a), Section 10.1(b), Section 10.1(c) or Section 10.1(d), or (ii) if such termination is effected by Seller's giving of valid written notice to Buyer pursuant to Section 10.1(a)(ii)(C), Section 10.1(b), or Section 10.1(c). If Buyer is entitled to the return of the Earnest Money, Seller shall cooperate with Buyer in taking such action as is required under the Escrow Agreement in order to affect such return from the Escrow Agent.

(c) If this Agreement is terminated by Seller's giving of valid written notice to Buyer pursuant to Section 10.1(a)(ii)(A) or Section 10.1(a)(ii)(B), Buyer agrees that Seller shall be entitled to receive upon such termination, as liquidated damages and not as a penalty, the Earnest Money ("Liquidated Damages Amount"). THE DELIVERY OF THE LIQUIDATED DAMAGES AMOUNT TO SELLER SHALL BE CONSIDERED LIQUIDATED DAMAGES AND NOT A PENALTY, AND SHALL BE THE RECIPIENT'S SOLE REMEDY AT LAW OR IN EQUITY FOR A BREACH HEREUNDER IF CLOSING DOES NOT OCCUR. BUYER AND SELLER EACH ACKNOWLEDGE AND AGREE THAT THIS LIQUIDATED DAMAGE AMOUNT IS REASONABLE IN LIGHT OF THE ANTICIPATED HARM WHICH WILL BE CAUSED BY A BREACH OF THIS AGREEMENT, THE DIFFICULTY OF PROOF OF LOSS, THE INCONVENIENCE AND NON-FEASIBILITY OF OTHERWISE OBTAINING AN ADEQUATE REMEDY, AND THE VALUE OF THE TRANSACTION TO BE CONSUMMATED HEREUNDER. If Seller is entitled to the Liquidated Damages, Buyer shall cooperate with Seller in taking such action as is required under the Escrow Agreement in order to effect such payment.

(d) Notwithstanding any provision of this Agreement to the contrary, if the Agreement is terminated by Buyer's giving of written notice to Seller pursuant to Section 10.1(a)(ii)(A) or Section 10.1(a)(ii)(B), Buyer shall be entitled to its damages or indemnification from Seller

(e) In any dispute between Buyer and Seller as to which party is entitled to all or a portion of the Earnest Money, the prevailing party shall receive, in addition to that portion of the Earnest Money to which it is entitled, an amount equal to interest on that portion at the rate of 10% per annum, calculated from the date the prevailing party's demand for all or a portion of the Earnest Money, is received by the Escrow Agent.

10.3 **Termination Notice.** Each notice given by a party pursuant to Section 10.1 to terminate this Agreement shall specify the Section (and clause or clauses thereof) of Section 10.1 pursuant to which such notice is given.

10.4 **Specific Performance.** Seller and SRP acknowledge that the Station and the Sale Assets are of a special, unique, and extraordinary character, and that any breach of this Agreement by Seller could not be compensated for by damages. Accordingly, if Seller or SRP shall breach its obligations under this Agreement, Buyer shall be entitled, in addition to any of the remedies that it may have, to enforcement of this Agreement (subject to obtaining any required approval of the FCC) by decree of specific performance or injunctive relief requiring Seller and SRP to fulfill their obligations under this Agreement. In any action by Buyer to equitably enforce the provisions of this Agreement, Seller and SRP shall waive the defense that there is an adequate remedy at law or equity and agrees that Buyer shall have the right to obtain specific performance of the terms of this Agreement without being required to prove actual damages, post bond or furnish other security.

ARTICLE XI

CASUALTY

Upon the occurrence of any casualty loss, damage or destruction material to the operation of the Station or the Sale Assets prior to the Closing, Seller and SRP shall promptly give Buyer written notice setting forth in detail the extent of such loss, damage or destruction and the cause thereof if known. Seller and SRP shall use their reasonable efforts to promptly commence and thereafter to diligently proceed to repair or replace any such lost, damaged or destroyed property. In the event that such repair or replacement is not fully completed prior to the Closing Date, Buyer may elect at its sole option to postpone the Closing until the repairs have been fully completed if such event shall occur within sixty (60) days or to consummate the transactions contemplated hereby on the Closing Date, in which event Seller or SRP shall assign to Buyer the portion of the insurance proceeds (less all reasonable costs and expenses, including without limitation attorney's fees, expenses and court costs incurred by Seller or SRP to collect such amounts), if any, not previously expended by Seller or SRP to repair or replace the damaged or destroyed property (such assignment of proceeds to take place regardless of whether the parties close on the scheduled or deferred Closing Date) and Buyer shall accept the damaged Sale Assets in their damaged condition provided that Seller or SRP has satisfied their insurance obligations in Section 5.1(a) hereof. In the event Seller or SRP are unable to complete the repairs within sixty (60) days, Buyer shall have the option to terminate this Agreement. In the event the loss, damage or destruction causes or will cause the Station to be off the air for more than seven (7) consecutive days or fifteen (15) total days during a one month period, whether or not consecutive, then Buyer may elect either (i) to consummate the transactions contemplated hereby on the Closing Date, in which event Seller or SRP shall assign to Buyer the portion of the insurance proceeds (less all reasonable costs and expenses, including without limitation attorney's fees, expenses and court costs, incurred by Seller to collect such amounts), if any, not previously expended by Seller or SRP to repair or replace the damaged or destroyed property, and Buyer shall accept the damaged Sale Assets in their damaged condition, or (ii) to terminate

this Agreement.

ARTICLE XII

CONTROL OF STATION

Between the date of this Agreement and the Closing Date, Buyer shall not control, manage or supervise the operation of the Station or conduct of its business, all of which shall remain the sole responsibility and under the control of Seller, subject to Seller's compliance with this Agreement.

ARTICLE XIII

1031 EXCHANGE

Seller and SRP agree to cooperate with Buyer as reasonably requested by Buyer to assist Buyer in consummating a tax deferred exchange under Section 1031 of the *Internal Revenue Code* of 1986, and the comparable provisions of applicable state law, provided Seller and SRP shall incur no additional liabilities, expenses or costs as a result of or connected with such exchange.

ARTICLE XIV

MISCELLANEOUS

14.1 **Further Actions.** From time to time before, at and after the Closing, each party, at its expense and without further consideration, will execute and deliver such documents to the other party as the other party may reasonably request in order more effectively to consummate the transactions contemplated hereby.

14.2 **Access After the Closing Date.** After the Closing and for a period of twelve (12) months, Buyer shall provide Seller, Seller's counsel, accountants and other representatives with reasonable access during normal business hours to the books, records, property, personnel, contracts, commitments and documents of the Station pertaining to transactions occurring prior to the Closing Date, that are the responsibility and obligation of the Seller, when requested by Seller, and Buyer shall retain such books and records for the normal document retention period of Buyer. At the request and expense of Seller, Buyer shall deliver copies of any such books and records to Seller.

14.3 **Payment of Expenses.**

(a) Any fees assessed by the FCC in connection with the filings contemplated by Section 5.2 or consummation of the transactions contemplated hereby shall be shared equally between Seller and Buyer.

(b) All state or local sales or use, stamp or transfer, grant and other similar taxes payable in connection with consummation of the transactions contemplated hereby shall be split equally between Buyer and Seller.

(c) Except as otherwise expressly provided in this Agreement, each of the parties shall bear its own expenses, including the fees of any attorneys and accountants engaged by such party, in connection with this Agreement and the consummation of the transactions contemplated herein.

14.4 **Notices.** All notices, demands or other communications given hereunder shall be in writing and shall be sufficiently given if delivered by courier or sent by registered or certified mail, first class, postage prepaid, or by telex, cable, telegram, facsimile machine or similar written means of communication, addressed as follows:

(a) If to Seller to:

c/o SCA License Corporation
4880 Santa Rosa Road
Camarillo, California 93012
Attention: Jonathan L. Block, Esq.
Vice President and Secretary
Telephone: 805.987.0400
Facsimile No.: 805.384.4505

(b) If to Salem Radio Properties, Inc., to:

4880 Santa Rosa Road
Camarillo, California 93012
Attention: Jonathan L. Block, Esq.
Vice President and Secretary
Telephone: 805.987.0400
Facsimile No.: 805.384.4505

(b) If to Buyer, to:

Mount Rich Media, LLC
99 Clinton Road
West Caldwell, NJ 07006
Attention: Victor Joo
Telephone: 973.852.0300
Facsimile: No. 973.852.0377

With a copy to:

Mark B. Denbo, Esq.
Fleischman and Walsh, L.L.P.
1919 Pennsylvania Avenue, N.W.
Suite 600
Washington, D.C. 20006
Telephone: 202.939.7900
Facsimile No.: 202.939.0928

or such other address with respect to any party hereto as such party may from time to time notify (as provided above) to the other party hereto. Any such notice, demand or communication shall be deemed to have been given (i) if so mailed, as of the close of the third (3rd) business day following the date mailed, and (ii) if personally delivered or otherwise sent as provided above, on the date received.

14.5 **Entire Agreement.** This Agreement, the Schedules and Exhibits hereto, and the other Documents constitute the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersede any prior negotiations, agreements, understandings or arrangements between the parties with respect to the subject matter hereof.

14.6 **Binding Effect: Benefits.** Except as otherwise provided herein, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors or assigns. Except to the extent specified herein, nothing in this Agreement, express or implied, shall confer on any Person other than the parties hereto and their respective successors or assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement.

14.7 **Assignment.** This Agreement and any rights hereunder shall not be assignable by either party hereto without the prior written consent of the other party. Notwithstanding the foregoing, Buyer may in its sole and absolute discretion, assign all of its right, title, interest and obligation under this Agreement to any entity controlled by, or under common control with Buyer.

14.8 **Governing Law.** This Agreement shall in all respects be governed by and construed in accordance with the laws of the State of Virginia, including all matters of construction, validity and performance.

14.9 **Bulk Sales.** Buyer hereby waives compliance by Seller with the provisions of the Bulk Sales Act and similar laws of any state or jurisdiction, if applicable. Seller shall, in accordance with Article IX, indemnify and hold Buyer harmless from and against any and all claims made against Buyer by reason of such non-compliance.

14.10 **Amendments and Waivers.** No term or provision of this Agreement may be amended, waived, discharged or terminated orally but only by an instrument in writing signed by the party against whom the enforcement of such amendment, waiver, discharge or termination is sought. Any waiver shall be effective only in accordance with its express terms and conditions.

14.11 **Severability.** If any provision of this Agreement, or the application thereof to any Person or entity or any circumstance, is invalid or unenforceable in any jurisdiction, (i) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the extent and purpose of such invalid and unenforceable provision, and (ii) the remainder of this Agreement and the application of such provision to other Persons, entities or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

14.12 **Headings.** Except as provided in Article I, the captions in this Agreement are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

14.13 **Counterparts.** This Agreement may be executed in any number of counterparts, and by either party on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Fax signatures shall be deemed the same as original signatures. This Agreement is not binding until executed by both parties hereto.

14.14 **References.** All references in this Agreement to Articles and Sections are to Articles and Sections contained in this Agreement unless a different document is expressly specified.

14.15 **Schedules and Exhibits.** Unless otherwise specified herein, each Schedule and Exhibit referred to in this Agreement is attached hereto, and each such Schedule and Exhibit is hereby incorporated by reference and made a part hereof as if fully set forth herein.

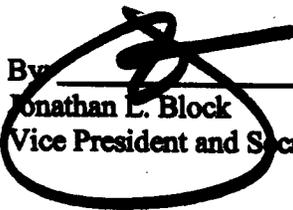
14.16 **Attorneys' Fees.** If any action at law or equity is brought, whether in a judicial proceeding or arbitration, to enforce or interpret any provision of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and expenses from the other party, which fees and expenses shall be in addition to any other relief, which may be awarded.

14.17 **Knowledge.** All references to the knowledge or awareness of Seller, SRP or Buyer shall refer to that party's respective actual knowledge, assuming a reasonable degree of investigation by such party.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written.

"SELLER"

SCA License Corporation

By: 
Jonathan L. Block
Vice President and Secretary

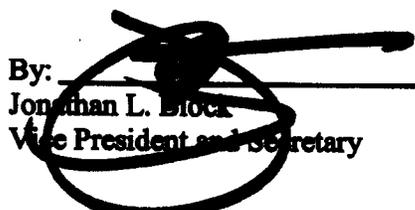
"BUYER "

Mount Rich Media, LLC

By: Mount Ocean Media, LLC
Its Sole Member

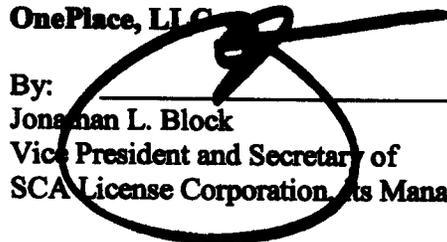
By: _____
Rev. Sun Young Joo
Its President and Representative

SALEM RADIO PROPERTIES, INC.

By: 
Jonathan L. Block
Vice President and Secretary

Guarantee

OnePlace, LLC hereby guarantees all of the obligations of SCA License Corporation and Salem Radio Properties, Inc. contained in this Agreement, including the representations and warranties contained in Section 3.7 herein, relating to that certain Office Lease Agreement, as amended, between Ukrop's Super Markets, Inc. and OnePlace, Ltd., dated May 18, 2000 for approximately 2,380 square feet located at 9401 Courthouse Road, Suite 307, Chesterfield, Virginia.

OnePlace, LLC
By: 
Jonathan L. Block
Vice President and Secretary of
SCA License Corporation, its Manager

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written.

"SELLER"

SCA License Corporation

By: _____
Jonathan L. Block
Vice President and Secretary

"BUYER "

Mount Rich Media, LLC

By: Mount Ocean Media, LLC
Its Sole Member

By: _____
Rev. Sun Young Joo
Its President and Representative

SALEM RADIO PROPERTIES, INC.

By: _____
Jonathan L. Block
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OnePlace, LLC

By: _____
Jonathan L. Block
Vice President and Secretary of
SCA License Corporation, its Manager

**SCHEDULES TO THE ASSET PURCHASE AGREEMENT
AND JUSTIFICATION FOR EXCLUSION**

The following schedules are omitted for the reasons stated, but will be provided to the FCC upon request:

Schedule 1.14-This schedule contains the form of escrow agreement between the parties. The information in the schedule does not reflect on the legal or other qualifications of the party and is not relevant to whether the structure of the transaction complies with the FCC's rules.

Schedule 2.3- This schedule lists the liabilities assumed by the Buyer. The information in the schedule does not reflect on the legal or other qualifications of the party and is not relevant to whether the structure of the transaction complies with the FCC's rules.

Schedule 2.6- This schedule lists the agreed allocation of the purchase price. The information in the schedule does not reflect on the legal or other qualifications of the party and is not relevant to whether the structure of the transaction complies with the FCC's rules.

Schedule 3.4- This schedule lists third party consents. The information in the schedule does not reflect on the legal or other qualifications of the party and is not relevant to whether the structure of the transaction complies with the FCC's rules.

Schedule 3.6- This schedule lists the tangible personal property to be assigned. The information in the schedule does not reflect on the legal or other qualifications of the party and is not relevant to whether the structure of the transaction complies with the FCC's rules.

Schedule 3.7- This schedule lists real property to be assigned. The information in the schedule does not reflect on the legal or other qualifications of the party and is not relevant to whether the structure of the transaction complies with the FCC's rules.

Schedule 3.8- This schedule lists FCC licenses, permits and authorizations to be assigned. The list of FCC licenses is a matter of record at the Commission and is therefore not reproduced hereto.

Schedule 3.9- This schedule lists station agreements to be assigned. The information in the schedule does not reflect on the legal or other qualifications of the party and is not relevant to whether the structure of the transaction complies with the FCC's rules.

Schedule 3.11- This schedule addresses outstanding labor matters. The information in the schedule does not reflect on the legal or other qualifications of the party and is not relevant to whether the structure of the transaction complies with the FCC's rules.

Schedule 3.18- This schedule addresses brokers' or finders' fees. The information in the schedule does not reflect on the legal or other qualifications of the party and is not relevant to whether the structure of the transaction complies with the FCC's rules.

Schedule 3.22-This schedule lists the financial schedules. The information in the schedule does not reflect on the legal or other qualifications of the party and is not relevant to whether the structure of the transaction complies with the FCC's rules.

Schedule 3.24-This schedule lists transactions with affiliates. The information in the schedule does not reflect on the legal or other qualifications of the party and is not relevant to whether the structure of the transaction complies with the FCC's rules.