

EXHIBIT

As explained in the attached October 26, 2000 transmittal letter, (Exhibit A) KSET(AM) was transferred from Proctor-Williams, Inc. (“Proctor-Williams”) to Dave Collier Communication Broadcasting, Inc. (“Collier Communication”) as part of a simultaneously filed “step transfer.” As of October 26, 2000, Proctor-Williams, Inc., then-licensee of Station KSET(AM), was 100% owed by Gerald Proctor (“Proctor”). On October 30, 2000, applications were filed to effectuate a business transaction between Proctor, William Hill, and Collier Communications, to first transfer control of Proctor-Williams from Proctor to Williams Hill, and to then assign KSET from Proctor-Williams to Collier Communication.¹ Although both applications were sent to the FCC as a part of one transmittal letter on October 26, 2000, and the FCC Form 159 reflecting payment for the transfer of control application was stamped in on October 30, 2000 (Exhibit B), while the application for assignment of KSET(AM) was assigned File Number BAL-20001030AAE, the application for transfer of control of Proctor-Williams eventually was assigned File No. BTC-20001229AAF (emphasis added). Nonetheless, both applications eventually were granted. File No. BAL-20001030AAG was granted on December 13, 2000. The application from transfer of control, BTC-20011229AAF, was granted on February 14, 2001.

Thereafter, the sequence of closings for KSET was as follows:

March 15, 2001	Control of licensee Proctor-Williams, Inc. transferred from Gerald Proctor to Bill Hill (as approved in BTC-20001229AAF)
April 1, 2001	License assigned from Proctor-Williams (as now controlled by Bill Hill) to Dave Collier Communication Broadcasting, Inc. (as approved in BAL-20001030AAG)

In this manner, the licensee is now, and has been Dave Collier Communication Broadcasting, Inc.

¹ As an additional “step transfer,” control KAYD-FM (formerly KLOI(FM)) also was passing from Proctor to Hill (File No. BTCH-20001229AAG), and the KAYD-FM license was being transferred to Hillco Communications, Inc., 100% owned by Bill Hill, via FCC Form 316. That sequence was consummated as follows:

March 15, 2001	Control of licensee Proctor-Williams, Inc. Transferred from Gerald Proctor to Bill Hill (as approved in BTC-20001229AAF)
March 16, 2001	License assigned from Proctor-Williams (as now controlled by Bill Hill) to Hillco Communications, Inc. (as approved in BAL-20001030AAE)

Exhibit A

**PROCTOR-WILLIAMS, INC.
KSET (AM) - KLOI (FM)**

**3972 Magnolia Bend Drive
Livingston, Texas 77351**

**(936) 328-5960
FAX: (936) 328-5970**

October 26, 2000

**Magalie Roman Salas, Esquire
Secretary
Federal Communications Commission
Room TW-B204
445 12th Street, S.W.
Washington, D.C. 20554**

**RE: Transfer of Control and Assignments of Licenses
KSET (AM) - Facility No. 31108
KLOI (FM) - Facility No. 31109
Remote Pick-up - KG9853**

Dear Ms. Salas:

Enclosed please find an original and two copies of the following:

**FCC Form 315 - Application for Consent to Transfer
Control of Entity Holding Broadcast
Station Construction Permit or License**

**FCC Form 314 - Application for Consent to Assignment
of Broadcast Station Construction
Permit or License**

**FCC Form 316 - Application for Consent to Assign Broadcast
Station Construction Permit or License or to
Transfer Control of Entity Holding Broadcast
Station Construction Permit of License**

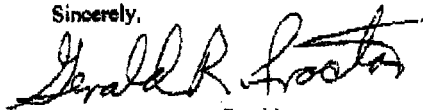
These three applications are herewith tendered for filing with the Commission. Accompanying each application is a check in the amount of the appropriate filing fee for that application.

These applications are submitted for approval as a "Step Transaction" and are to be considered as one filing with three component parts. The first part, FCC Form 315 seeks approval of a transfer of control of Proctor-Williams, Inc. from Gerald R. Proctor to William G. Hill. The second part, FCC Form 314, seeks approval of the assignment of the license for KSET (AM) from Proctor-Williams, Inc. to Dave Collier Communication Broadcasting, Inc. The third part, FCC Form 316, seeks approval for the assignment of the license for KLOI (FM) from Proctor-Williams, Inc. (a corporation at this point wholly owned by William G. Hill) to a corporate entity (Hilco Communications, Inc.) also wholly owned by William G. Hill.

Enclosed, also, is an extra copy of each Application for receipt purposes with each copy identified as the "stamp and receipt copy". Please return the receipted copies in the self-addressed stamped envelope herein.

As always, should any question arise concerning the applications listed above, I may be reached at the above address and telephone number.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gerald R. Proctor". The signature is fluid and cursive, with a prominent "G" and "P".

Gerald R. Proctor, President

GRP:cw

Enclosures

Exhibit B

FEDERAL COMMUNICATIONS COMMISSION
REMITTANCE ADVICE

Approved by OMB
3060-0589
Page No 1 of 1

(1) LOCKBOX #
358350

FCC/MELLON OCT 30 2000

SPECIAL USE

FCC USE ONLY

SECTION A - PAYER INFORMATION

(2) PAYER NAME (if paying by credit card, enter name exactly as it appears on your card) PROJECTOR-WILLIAMS, INC. (3) TOTAL AMOUNT PAID (U.S. Dollars and cents) 15110.00

(4) STREET ADDRESS LINE NO. 1 3972 MAGNOLIA BLVD DRIVE

(5) STREET ADDRESS LINE NO. 2

(6) CITY LIVINGSTON (7) STATE TX (8) ZIP CODE 77351

(9) DAYTIME TELEPHONE NUMBER (include area code) 936-328-5960 (10) COUNTRY CODE (if not in U.S.A.)

FCC REGISTRATION NUMBER (FRN) AND TAX IDENTIFICATION NUMBER (TIN) REQUIRED

(11) PAYER (FRN) 0003-7388-20 (12) PAYER (TIN) 75-2641742

IF PAYER NAME AND THE APPLICANT NAME ARE DIFFERENT, COMPLETE SECTION B
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C)

(13) APPLICANT NAME

(14) STREET ADDRESS LINE NO. 1

(15) STREET ADDRESS LINE NO. 2

(16) CITY (17) STATE (18) ZIP CODE

(19) DAYTIME TELEPHONE NUMBER (include area code) (20) COUNTRY CODE (if not in U.S.A.)

FCC REGISTRATION NUMBER (FRN) AND TAX IDENTIFICATION NUMBER (TIN) REQUIRED

(21) APPLICANT (FRN) 0003-7388-20 (22) APPLICANT (TIN) 75-2641742

COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET

(23A) CALL SIGN/OTHER ID K5ET (AM) (24A) PAYMENT TYPE CODE M P R (25A) QUANTITY 11

(26A) FEE DUE FOR (PTC) 755.00 (27A) TOTAL FEE 755.00 FCC USE ONLY

(28A) FCC CODE 1 31108 (29A) FCC CODE 2

(23B) CALL SIGN/OTHER ID K4LOI (FM) (24B) PAYMENT TYPE CODE M P R (25B) QUANTITY 11

(26B) FEE DUE FOR (PTC) 755.00 (27B) TOTAL FEE 755.00 FCC USE ONLY

(28B) FCC CODE 1 31109 (29B) FCC CODE 2

SECTION D - CERTIFICATION

(30) CERTIFICATION STATEMENT
I, GERALD R. PROCTOR, certify under penalty of perjury that the foregoing and supporting information is true and correct to the best of my knowledge, information and belief. SIGNATURE Gerald R. Proctor DATE 10-26-00

SECTION E - CREDIT CARD PAYMENT INFORMATION

(31) ☐ MASTERCARD MASTERCARD/VISA ACCOUNT NUMBER: EXPIRATION

☐ VISA I hereby authorize the FCC to charge my VISA or MASTERCARD for the service(s)/authorization herein described. SIGNATURE DATE

**PROCTOR-WILLIAMS, INC.
KSET (AM) - KLOI (FM)**

**3972 Magnolia Bend Drive
Livingston, Texas 77351**

**(936) 328-5960
FAX: (936) 328-5970**

October 26, 2000

Magalie Roman Salas, Esquire
Secretary
Federal Communications Commission
Room TW-B204
445 12th Street, S.W.
Washington, D.C. 29554

RE: Transfer of Control and Assignments of Licenses
KSET (AM) - Facility No. 31108
KLOI (FM) - Facility No. 31109
Remote Pick-up - KG9853

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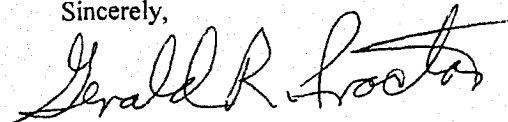
These three applications are herewith tendered for filing with the Commission. Accompanying each application is a check in the amount of the appropriate filing fee for that application.

These applications are submitted for approval as a "Step Transaction" and are to be considered as one filing with three component parts. The first part, FCC Form 315 seeks approval of a transfer of control of Proctor-Williams, Inc. from Gerald R. Proctor to William G. Hill. The second part, FCC Form 314, seeks approval of the assignment of the license for KSET (AM) from Proctor-Williams, Inc. to Dave Collier Communication Broadcasting, Inc. The third part, FCC Form 316, seeks approval for the assignment of the license for KLOI (FM) from Proctor-Williams, Inc. (a corporation at this point wholly owned by William G. Hill) to a corporate entity (Hilco Communications, Inc.) also wholly owned by William G. Hill.

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As always, should any question arise concerning the applications listed above, I may be reached at the above address and telephone number.

Sincerely,

A handwritten signature in black ink, appearing to read "Gerald R. Proctor", with a stylized flourish at the end.

Gerald R. Proctor, President

GRP:cw

Enclosures

FCC 315

**APPLICATION FOR CONSENT TO
TRANSFER CONTROL OF ENTITY HOLDING
BROADCAST STATION CONSTRUCTION
PERMIT OR LICENSE**

FOR
FCC
USE
ONLY

FOR COMMISSION USE ONLY

FILE NO.

20001229AAF

Section I - General Information

1. Legal Name of the Licensee/Permittee PROCTOR - WILLIAMS, INC.		
Mailing Address 3972 MAGNOLIA BEND DRIVE		
City LIVINGSTON	State or Country (if foreign address) TX	ZIP Code 77351
Telephone Number (include area code) 936-328-5960	E-Mail Address (if available)	
W830	Call Sign KSET (AM) KLOI (FM)	Facility ID Number 31108 31109
2. Contact Representative (if other than licensee/permittee) GERALD R. PROCTOR		Firm or Company Name PROCTOR - WILLIAMS, INC.
Telephone Number (include area code) 936-328-5960		E-Mail Address (if available)

3. If this application has been submitted without a fee, indicate reason for fee exemption (see 47 C.F.R. Section 1.1114):

☐ Governmental Entity ☐ Noncommercial Educational Licensee/Permittee ☐ Other _____

4. **Purpose of Application:**

☒ Transfer of control of licensee

☐ Transfer of control of permittee

☐ Amendment to pending application

File Number of pending application: _____

If an amendment, submit as an Exhibit a listing by Section and Question Number of the portions of the pending application that are being revised.

Exhibit No.

5. Were any of the authorizations that are the subject of this application obtained through the Commission's competitive bidding procedures (see 47 C.F.R. Sections 1.2111(a) and 73.5001)?

☐ Yes ☒ No

Exhibit No.

If yes, list pertinent authorizations in an Exhibit.

Section II - Transferor(s)

1. **Certification.** Transferor(s) certify that it (they) have answered each question in this application based on its (their) review of the application instructions and worksheets. Transferor(s) further certify that where it (they) have made an affirmative certification below, this certification constitutes its (their) representation that the application satisfies each of the pertinent standards and criteria set forth in the application instructions and worksheets.
- ☒ Yes ☐ No

2. Legal Name of the Transferor GERALD R. PROCTOR			
Mailing Address 3972 MAGNOLIA BEND DRIVE			
City LIVINGSTON		State or Country (if foreign address) TX	ZIP Code 77351
		Telephone Number (include area code) 936-328-5960	E-Mail Address (if available)

3. Contact Representative (if other than transferor)		Firm or Company Name	
Telephone Number (include area code)		E-Mail Address (if available)	

If more than one transferor, submit the information requested in questions 2 and 3 for each transferor.

Exhibit No. N/A

4. Changes in interests as a result of transfer.

(A) NAMES AND ADDRESSES OF ANY PARTY TO APPLICATION HOLDING AN ATTRIBUTABLE INTEREST	(B) CITIZENSHIP	INTEREST HELD			
		(C) BEFORE TRANSFER OR ASSIGNMENT		(D) AFTER TRANSFER OR ASSIGNMENT	
		(1) Percentage Votes	(2) Percentage Total Assets (Equity plus Debt)	(1) Percentage Votes	(2) Percentage Total Assets (Equity plus Debt)
GERALD R. PROCTOR 3972 MAGNOLIA BEND DRIVE LIVINGSTON, TX 77351	USA	100%	100%	0%	0%

I certify that the statements in this application are true, complete, and correct to the best of my knowledge and belief, and are made in good faith. I acknowledge that all certifications and attached Exhibits are considered material representations.

Typed or Printed Name of Person Signing GERALD R. PROCTOR	Typed or Printed Title of Person Signing PRESIDENT
Signature <i>Gerald R. Proctor</i>	Date 10-26-00

WILLFUL FALSE STATEMENTS ON THIS FORM ARE PUNISHABLE BY FINE AND/OR IMPRISONMENT (U.S. CODE, TITLE 18, SECTION 1001), AND/OR REVOCATION OF ANY STATION LICENSE OR CONSTRUCTION PERMIT (U.S. CODE, TITLE 47, SECTION 312(a)(1)), AND/OR FORFEITURE (U.S. CODE, TITLE 47, SECTION 503).

Section III - Licensee/Permittee

1. **Certification.** Licensee/permittee certifies that it has answered each question in this application based on its review of the application instructions and worksheets. Licensee further certifies that where it has made an affirmative certification below, this certification constitutes its representation that the application satisfies each of the pertinent standards and criteria set forth in the application instructions and worksheets. ☒ Yes ☐ No
2. **Authorizations to be Transferred.** List the authorized stations and construction permits to be transferred. Provide the Facility Identification Number and the Call Sign, or the Facility Identification Number and the File Number of the Construction Permit, and the location, for each station to be transferred. Include main stations, FM and/or TV translator stations, LPTV stations, SCA, FM and/or TV booster stations, and associated auxiliary service stations.

Facility ID Number	Call Sign or Construction Permit File Number	City	State
31108	KSET (AM)	SILSBEE	TX
31109	KLOI (FM)	SILSBEE	TX
	KG 9853	SILSBEE	TX

3. **Agreements to Transfer Control of Station.** Licensee/permittee certifies that:
 - a. it has placed in its public inspection file(s) and submitted to the Commission copies of all agreements to transfer control of the station(s);
 - b. these documents embody the complete and final understanding between transferor(s) and transferee(s); and
 - c. these agreements comply fully with the Commission's rules and policies.☒ Yes ☐ No See Explanation in Exhibit No. 1
4. **Other Authorizations.** List call signs, locations, and facility identifiers of all other broadcast stations in which licensee/permittee or any party to the application has an attributable interest.

☒ Yes ☐ No

Exhibit No. 2

☐ N/A
5. **Character Issues.** Licensee/permittee certifies that neither licensee/permittee nor any party to the application has or has had any interest in, or connection with:
 - a. any broadcast application in any proceeding where character issues were left unresolved or were resolved adversely against the applicant or any party to the application; or
 - b. any pending broadcast application in which character issues have been raised.☒ Yes ☐ No See Explanation in Exhibit No.
6. **Adverse Findings.** Licensee/permittee certifies that, with respect to the licensee/permittee and each party to the application, no adverse finding has been made, nor has an adverse final action been taken by any court or administrative body in a civil or criminal proceeding brought under the provisions of any law related to any of the following: any felony; mass media-related antitrust or unfair competition; fraudulent statements to another governmental unit; or discrimination.
 ☒ Yes ☐ No See Explanation in Exhibit No.
7. **Local Public Notice.** Licensee/permittee certifies that it has or will comply with the public notice requirements of 47 C.F.R. Section 73.3580. ☒ Yes ☐ No

8. **Auction Authorization.** Licensee/permittee certifies that more than five years have passed since the issuance of the construction permit for the station being transferred, where that permit was acquired in an auction through the use of a bidding credit or other special measure.

☐ Yes ☐ No

☒ N/A

See Explanation
in Exhibit No.

9. **Anti-Drug Abuse Act Certification.** Licensee/permittee certifies that neither licensee/permittee nor any party to the application is subject to denial of federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. Section 862.

☒ Yes ☐ No

I certify that the statements in this application are true, complete, and correct to the best of my knowledge and belief, and are made in good faith. I acknowledge that all certifications and attached Exhibits are considered material representations.


Typed or Printed Name of Person Signing GERALD R. PROCTOR	Typed or Printed Title of Person Signing PRESIDENT
Signature <i>Gerald R. Proctor</i>	Date 10-26-00

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Section IV - Transferee (s)

1. **Certification.** Transferee(s) certify that it (they) have answered each question in this application based on its (their) review of the application instructions and worksheets. Transferee(s) further certify that where it (they) have made an affirmative certification below, this certification constitutes its (their) representation that the application satisfies each of the pertinent standards and criteria set forth in the application instructions and worksheets.

☒ Yes ☐ No

2. Legal Name of the Transferee(s) WILLIAM G. HILL		
Mailing Address 9 INWOOD MANOR		
City SAN ANTONIO	State or Country (if foreign address) TX	ZIP Code 78248
	Telephone Number (include area code) 210-493-6015	E-Mail Address (if available) wmhillntx@aol.com

3. Contact Representative (if other than transferee)	Firm or Company Name
Telephone Number (include area code)	E-Mail Address (if available)

If more than one transferee, submit the information requested in questions 2 and 3 for each transferee.

Exhibit No.

4. **Nature of Applicant.** Each transferee is:

- ☒ an individual
 ☐ a general partnership
 ☐ a for-profit corporation
☐ a limited partnership
 ☐ a not-for-profit corporation
 ☐ a limited liability company (LLC/LC)
☐ other

- a. If "other," describe nature of transferee in an Exhibit.

Exhibit No.

5. **Agreements to Transfer Control of Station.** Transferee certifies that:

☒ Yes ☐ No

See Explanation
in Exhibit No.
1

- a. the written agreements in the licensee/permittee's public inspection file and submitted to the Commission embody the complete and final agreement to transfer control of the station(s) specified in Section III, question 2; and
b. these agreements comply fully with the Commission's rules and policies.

6. Parties to the Application.

a. List each transferee, and, if other than a natural person, its officers, directors, stockholders and other entities with attributable interests, non-insulated partners and/or members. If a corporation or partnership holds an attributable interest in any transferee, list separately its officers, directors, stockholders and other entities with attributable interests, non-insulated partners and/or members. Create a separate row for each individual or entity. Attach additional pages if necessary.

- (1) Name and address of the transferee and each party to the application holding an attributable interest (if other than individual also show name, address and citizenship of natural person authorized to vote the stock or holding the attributable interest). List the transferee first, officers next, then directors and, thereafter, remaining stockholders and other entities with attributable interests, and partners.
- (2) Citizenship.
- (3) Positional Interest: Officer, director, general partner, limited partner, LLC member, investor/creditor attributable under the Commission's **equity/debt plus** standard, etc.
- (4) Percentage of votes.
- (5) Percentage of total assets (equity plus debt).

(1)	(2)	(3)	(4)	(5)
WILLIAM G. HILL 9 INWOOD MANOR SAN ANTONIO, TX 78248	USA	OFFICER / DIRECTOR	100% (FOLLOWING APPROVAL OF TRANSFER)	100% (FOLLOWING APPROVAL OF TRANSFER)

- b. Applicant certifies that equity and financial interests not set forth above are non-attributable. ☐ Yes ☐ No ☒ N/A See Explanation in Exhibit No.
7. **Other Authorizations.** List call signs, locations, and facility identifiers of all other broadcast stations in which transferee or any party to the application has an attributable interest. Exhibit No. 2 ☐ N/A
8. **Multiple Ownership.** ☒ Yes ☐ No See Explanation in Exhibit No.
- a. Transferee certifies that the proposed transfer:
1. complies with the Commission's multiple and cross-ownership rules;
 2. does not present an issue under the Commission's policies relating to media interests of immediate family members;
 3. complies with the Commission's policies relating to future ownership interests; and
 4. complies with the Commission's restrictions relating to the insulation and non-participation of non-party investors and creditors.
- b. Radio Applicants Only. If the transfer of control of the station would result in certain principal community service contour overlaps, see Local Radio Ownership Worksheet, Question 1, applicant certifies that all relevant information has been placed in public inspection file(s) and submitted to the Commission. ☒ Yes ☐ No ☐ N/A See Explanation in Exhibit No.
9. **Character Issues.** Transferee certifies that neither transferee nor any party to the application has or has had any interest in, or connection with:
- a. any broadcast application in any proceeding where character issues were left unresolved or were resolved adversely against the applicant or any party to the application; or
 - b. any pending broadcast application in which character issues have been raised.
10. **Adverse Findings.** Transferee certifies that, with respect to the transferee and each party to the application, no adverse finding has been made, nor has an adverse final action been taken by any court or administrative body in a civil or criminal proceeding brought under the provisions of any law related to any of the following: any felony; mass media-related antitrust or unfair competition; fraudulent statements to another governmental unit; or discrimination? ☒ Yes ☐ No See Explanation in Exhibit No.
11. **Alien Ownership and Control.** Transferee certifies that it complies with the provisions of Section 310 of the Communications Act of 1934, as amended, relating to interests of aliens and foreign governments. ☒ Yes ☐ No See Explanation in Exhibit No.
12. **Financial Qualifications.** Transferee certifies that sufficient net liquid assets are on hand or are available from committed sources to consummate the transaction and operate the station(s) for three months. ☒ Yes ☐ No See Explanation in Exhibit No.
13. **Program Service Certification.** Transferee certifies that it is cognizant of and will comply with its obligations as a Commission licensee to present a program service responsive to the issues of public concern facing the station's community of license and service area. ☒ Yes ☐ No

14. Auction Authorization. Transferee certifies that where less than five years have passed since the issuance of the construction permit and the permit had been acquired in an auction through the use of a bidding credit or other special measure, it would qualify for such credit or other special measure. ☐ Yes ☐ No See Explanation in Exhibit No. ☒ N/A
15. Anti-Drug Abuse Act Certification. Transferee certifies that neither transferee nor any party to the application is subject to denial of federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. Section 862. ☒ Yes ☐ No

I certify that the statements in this application are true, complete, and correct to the best of my knowledge and belief, and are made in good faith. I acknowledge that all certifications and attached Exhibits are considered material representations. I hereby waive any claim to the use of any particular frequency as against the regulatory power of the United States because of the previous use of the same, whether by license or otherwise, and request an authorization in accordance with this application. (See Section 304 of the Communications Act of 1934, as amended.)

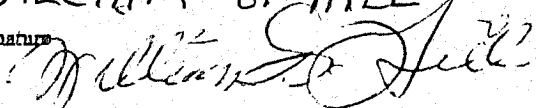
Typed or Printed Name of Person Signing

WILLIAM G. HILL

Typed or Printed Title of Person Signing

VICE-PRESIDENT

Signature



Date

10-26-00

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Sales Agreement with Modifications

- A. Option Contract between Gerald R. Proctor and William G. Hill.
- B. Facsimile copy of additional language modifying Option Contract terms.

PURCHASE OPTION AGREEMENT

THIS AGREEMENT is made and entered into this 14TH day of October, 1999, by and between Gerald R. Proctor (hereinafter "Optionor"), an individual and William G. Hill (hereinafter "Optionee"), an individual.

RECITALS

WHEREAS, Optionor is the owner of One Thousand (1,000) shares of the common stock of Proctor-Williams, Inc. ("Shares"), a Texas corporation ("P-W"), which Shares currently constitute 100% of the total equity and 100% of the voting control of P-W;

WHEREAS, Optionee desires to purchase from Optionor, and Optionor desires to sell to Optionee, subject to the terms and conditions as set forth herein, the right to purchase all of Optionor's equity holdings in P-W;

NOW, THEREFORE, in consideration of the promises and mutual covenants and agreements herein set forth and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

AGREEMENT

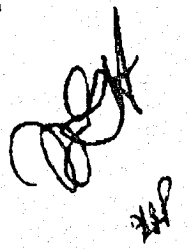
1. Option. Optionee is hereby granted an exclusive and irrevocable option to purchase the Shares from Optionor for the purchase price of Four Hundred Seventy-Five Thousand Dollars (\$475,000) ("Purchase Price"), exercisable any time during the one year period beginning on October 16, 1999. This option may be extended for four (4) three (3) month periods upon notice and payment of the additional consideration specified in Paragraph 7.

2. Closing. In the event of exercise of Optionee's option hereunder, closing shall occur within fifteen (15) days of Optionee's notice of exercise of the Option ("Notice") in accordance with the terms set forth herein; provided however, that in the event that prior FCC approval is required, closing shall occur within five (5) business days after such approval becomes a Final Order (herein referred to as "Closing"). At Closing, the Purchase Price and the Shares shall be delivered from and to the parties as set forth below.

3. Payment of Purchase Price. The Purchase Price shall be paid at Closing by Optionee to Optionor as follows: by wire transfer to Optionor of the sum of Four Hundred Seventy-Five Thousand Dollars (\$475,000) less the amount of the Option consideration set forth in Section 7, below.

4. Shares. At Closing, Optionor shall convey, assign, transfer and deliver the Shares to Optionee, properly endorsed for such conveyance, assignment, transfer and delivery, and for the re-issuance by P-W of such Shares in the name of Optionee.

5. Cooperation of parties. Optionor and Optionee shall cooperate with each other in promptly seeking any necessary FCC approvals, with all FCC filing fees and related expenses to be paid by the Optionee or proposed controlling third party. All parties shall furnish any documents or



information and execute any documents necessary to obtain the FCC's approval of the transfer of control as expeditiously as is reasonably possible.

6. Notices. Any notice, statement, request, demand or other communication required or permitted hereunder, given to or made upon any party hereto in accordance with the provisions of this Agreement, shall, unless otherwise provided in this Agreement, be in writing, and shall be personally delivered or sent by registered or certified mail, postage prepaid, return receipt requested, or sent by electronic facsimile, to the locations indicated below, and shall be deemed received upon the earlier of (A) if personally delivered, the date of delivery to the address of the person to receive such notice, (B) if mailed, on the date of posting by the United States Post Office, or (C) if given by electronic facsimile, when received by the other Party or in accordance with any unrevoked written direction from any party to all the parties hereto.

To Optionor:

Gerald R. Proctor
103 Entrance Drive, Suite 1
Livingston, Texas 77351
Telephone: (409) 328-5960
Facsimile: (409) 328-5970

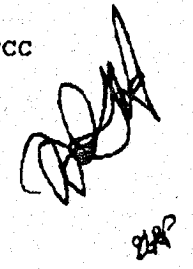
To Optionee:

William G. Hill
9 Inwood Manor
San Antonio, Texas 78248
Telephone: (210) 493-6015
Facsimile: (210) 493-3376

7. Consideration. As consideration for the option granted hereby, the sum of One Hundred Thousand Dollars (\$100,000) is paid by Optionee to Optionor, receipt of which is hereby acknowledged, which sum shall be credited to the Four Hundred Seventy-Five Thousand Dollar (\$475,000) purchase price of the Shares upon Optionee's exercise of the Option herein and FCC approval and close.

Should the option be extended in accordance with Paragraph 1, then for each three (3) month extension of the option an additional Twenty-Five Thousand Dollars (\$25,000) shall be paid by Optionee to Optionor. From each additional Twenty-Five Thousand Dollar (\$25,000) payment made, if any, sixty percent (60%) of that payment by Optionee to Optionor shall be an additional credit toward the Four Hundred Seventy-Five Thousand Dollar (\$475,000) purchase price of the Shares upon Optionee's exercise of the option herein and FCC approval and close.

8. Final Order. For purposes hereof, the term "Final Order" shall mean that action which shall have been taken by the FCC (including action duly taken by the FCC's staff, pursuant to delegated authority) which shall not have been reversed, stayed, enjoined, set aside, annulled or suspended, with respect to which no timely request for stay, petition for rehearing, appeal or certiorari or sua sponte action of the FCC with comparable effect shall be pending, and as to which the time for filing any such request, petition, appeal, certiorari or for the taking of any such sua sponte action by the FCC shall have expired or otherwise terminated.



9. Mediation-Arbitration. If a dispute arises out of this contract and such dispute cannot be settled through direct negotiations between the parties, the parties agree to endeavor to resolve the dispute through mediation. If the parties cannot agree upon the selection of a mediator, the Association of Attorney-Mediators Inc. ("AAM") shall be asked to provide a list of three (3) AAM members in good standing. Within ten (10) days of receipt of such list, each party shall have the right to strike one (1) name from the list and the name remaining on the list (or the first available name if both parties strike the same name) shall be the mediator. The mediation shall take place within thirty (30) days from the date such mediator is selected.

In the event that such dispute cannot be resolved by mediation, the parties agree to submit the matter to arbitration, in accordance with the Commercial Arbitration Rules of the American Arbitration Association. If the parties cannot agree upon the selection of an arbitrator, a member of AAM shall be selected using the same process as used in selecting the mediator.

The obligation of Optionor and Optionee to submit a dispute to arbitration is limited to disputes arising under those sections of this lease which specifically provide for arbitration. Each party to the arbitration shall pay half the costs thereof.

10. Assignability. Optionee may not assign its rights under this Agreement to any individual or entity without prior written approval of the Optionor which shall not be unreasonably withheld.

11. Applicable Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas.

12. Headings. The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.


13. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be counterparts, each of which shall be deemed an or together shall constitute one and the same instrument.

14. Binding Effect; Benefit. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Nothing in this Agreement, expressed or implied, is intended to confer on any person other than the parties hereto or their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

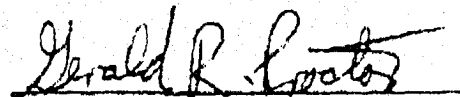
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IN WITNESS WHEREOF, the parties have executed this Purchase Option Agreement as of the date first above written.

OPTIONEE:


William G. Hill

OPTIONOR:

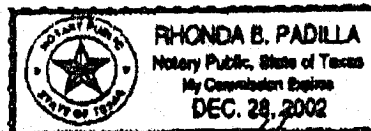

Gerald R. Proctor

STATE OF TEXAS)
COUNTY OF HARDIN)

On OCTOBER 14, 1999 before me, GERALD R. PROCTOR personally appeared Gerald R. Proctor personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.
WITNESS my hand and official seal.

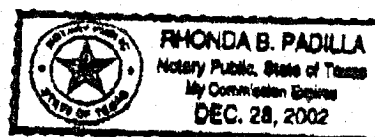
Signature Rhonda B. Padilla

STATE OF TEXAS)
COUNTY OF HARDIN)



On OCTOBER 14, 1999 before me, WILLIAM G. HILL personally appeared William G. Hill personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.
WITNESS my hand and official seal.

Signature Rhonda B. Padilla



**PROCTOR-WILLIAMS, INC.
KSET (AM) - KLOI (FM)**

**3972 Magnolia Bend Drive
Livingston, Texas 77351**

**(936) 328-5960
FAX: (936) 328-5970**

October 16, 2000

MEMO TO: BHI HHI

FROM: Jerry Proctor

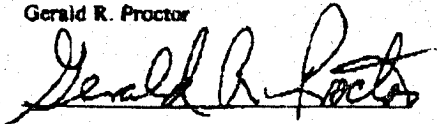
RE: KSET/KLOI Purchase Option Modifications

It is understood and agreed that the Option to Purchase my stock in Proctor-Williams, Inc. shall be extended until final FCC approval of the transfer by paying SEVEN THOUSAND THIRTY-ONE DOLLARS AND TWENTY-FIVE CENTS (\$7,031.25) on each of the following dates: January 2, 2001, April 2, 2001, October 1, 2001 and January 2, 2002. Should the Commission approve the transfer at any time prior to January 2, 2002, it is specifically agreed and understood these payments must still be made and all of these payments make up the total amount to be paid to extend the Option.

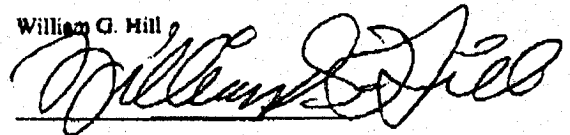
Following approval of the FCC of the transfer and close of the transaction, the balance of the purchase price (\$375,000.00) is due in full on January 2, 2002. At its option, Hilco may reduce the purchase price due of \$375,000 by making a minimum principal payment of \$187,500.00 on January 2, 2002. If Hilco exercises this option, the remaining balance of the purchase price shall be due on January 2, 2003. In this event, interest on the unpaid purchase price balance of \$187,500.00 shall be paid at the rate of 10.0%, to be calculated from January 3, 2002 forward, with interest payments payable on the first day of April, July and October, 2002 and the final interest payment and the remainder of the purchase price (\$187,500.00) due and payable on January 2, 2003.

Agreed to this 16th day of October, 2000.

Gerald R. Proctor



William G. Hill



Other Broadcast Holdings

Gerald R. Proctor is a 50% shareholder in KVCT (TV), Inc. which is the licensee of KUZN (FM), Centerville, Texas. (Facility No. 9087). Mr. Proctor is also a 100% shareholder in Compass Communications of Idaho, Inc. which is the licensee of KFXP (TV), Pocatello, Idaho. (Facility No. 78910).