

ASSET PURCHASE AGREEMENT

BY AND BETWEEN

ASRADIO, LLC
(AS SELLER)

AND

POSITIVE ALTERNATIVE RADIO, INC.
(AS BUYER)

JUNE 27, 2012

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ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the “Agreement”) is made this 27th day of June, 2012, by and between ASRadio, LLC a Tennessee limited liability company (“Seller”) and Positive Alternative Radio, Inc., a Virginia non-profit corporation (“Buyer”).

WITNESSETH:

Seller is the holder of certain licenses, permits and authorizations (the “Licenses”) issued by the Federal Communications Commission (the “FCC”) and other assets for the operation of radio broadcast station WEYE(FM), licensed to serve Surgoinsville, Tennessee (FCC ID No. 73872) (the “Station”);

In accordance with applicable FCC requirements, Seller wishes to sell, transfer and assign, and Buyer wishes to purchase, acquire and assume, the Licenses and the other Station Assets (as defined herein) and the Assumed Liabilities (as defined herein) pursuant to the terms of this Agreement;

The parties concurrently are entering into a pre-closing time brokerage agreement pursuant to which Buyer will provide certain programming and operational services for the Station subject to the supervision and oversight of the Seller and the rules, regulations, and policies of the FCC;

NOW THEREFORE, in consideration of the foregoing and of the mutual agreements and covenants contained herein, the parties, intending to be legally bound, agree as follows:

ARTICLE I

PURCHASE AND SALE OF ASSETS; ASSUMPTION OF LIABILITIES

1.1 **Purchase and Sale of Assets.** Subject to the terms and conditions set forth below, Seller agrees to assign, sell and transfer to Buyer, free and clear of all liens and security interests, other than mechanic’s and similar liens arising by operation of law in the ordinary course of business and statutory liens for taxes not yet due and payable (with such exceptions, the “Liens”), and Buyer agrees to purchase, acquire and assume from Seller the following assets, properties and business (except for Excluded Assets (as defined herein)) real or personal, tangible or intangible, used or to be used or otherwise relating to the Station (collectively the “Station Assets”):

(a) all of Seller’s right and interest in the Licenses and any and all other FCC authorizations pertaining to the Station, including any renewals or modifications thereof between the date hereof and Closing, that are set forth and more fully described on Schedule I(a) hereto;

(b) all of Seller’s right and interest in any and all pending applications before the FCC that relate to the Station that are set forth and more fully described on Schedule I(b) hereto;

(c) all of Seller's right, title and interest in the leases and land use permits relating to the Station that are set forth and more fully described on Schedule 1(c) hereto and in, the improvements located on such property (the "Real Estate Leases");

(d) all of Seller's right, title and interests under those existing agreements, contracts, and commitments entered into in the ordinary course of the Station's business relating to the operation of the Station that are set forth and more fully described on Schedule 1(d) hereto (the "Assumed Contracts");

(e) all of Seller's right and interest in and to the Station's call letters and rights in and to the trademarks, trade names, service marks, copyrights, programs and programming material, jingles, slogans, logos and other intangible property that are used or held for use solely in the operations of the Station, including without limitation those set forth and more fully described on Schedule 1(e) hereto;

(f) all of Seller's right, title and interest in supplies, equipment, transmitters, antennas, cables, towers, vehicles, furniture, fixtures, spare parts, inventories, other property purchased but not installed, and other tangible personal property of every kind and description used or held for use in the operation of the Station, including without limitation those set forth and more fully described on Schedule 1(f) hereto;

(g) all of Seller's right, title and interest in and to any files, documents, records, and books of account (or copies thereof) relating to the operation of the Station, including local public files, programming information and studies, engineering data, advertising studies, marketing and demographic data, sales correspondence, list of advertisers, credit and sales reports, and logs, but excluding records comprising or related to the Excluded Assets; and

(h) all of Seller's right, title and interest in other assets, properties and businesses, real or personal, tangible or intangible, primarily used or otherwise primarily related to the Station, or located on or at the premises described in the Real Estate Leases, except for the Excluded Assets.

1.2 **Excluded Assets.** Nothing contained herein shall be deemed to sell, transfer, assign or convey the Excluded Assets to Buyer, and Seller shall retain all right, title and interest to, in and under the Excluded Assets. "Excluded Assets" shall mean all assets, properties, interests, and rights of Seller in each of the following assets:

(a) cash, cash equivalents and cash items of any kind whatsoever, certificates of deposit, money market instruments, bank balances and rights in and to bank accounts, Treasury bills and marketable securities and other securities existing as of the Closing Date;

(b) all of Seller's deposits or prepaid charges and expenses paid in connection with or relating to any Excluded Assets;

(c) any claim, right or interest of Seller in or to any refund, rebate, abatement or other recovery for taxes, together with any interest due thereon or penalty rebate arising therefrom, for any tax period (or portion thereof) ending on or before the Closing Date;

(d) any rights, claims or causes of action of Seller against third parties relating to assets, properties, business or operations of Seller arising out of events occurring on or prior to the Closing Date;

(e) contracts of insurance and insurance plans and the assets thereof, promissory notes, amounts due from employees, bonds, letters of credit or other similar items and any cash surrender value in regard thereto;

(f) records and other books and records that pertain to internal company matters of Seller;

(g) the SS-32 Digital Audio System and peripherals and the Moby Dish, receiver and related equipment currently used for the operation of the Station;

(h) any rights of Seller as of the Closing Date to payment for the sale of advertising time and other goods and services by the Station prior to the Closing Date (the “Accounts Receivable”), the parties hereby acknowledging that Seller shall retain and collect the Accounts Receivable;

(i) those other assets, properties, interests, and rights of Seller set forth on Schedule 1.2.

1.3 **Assumption of Liabilities.** On the terms and subject to the conditions set forth in this Agreement, at the Closing Buyer shall assume, effective as of the Closing, and shall timely perform and discharge in accordance with their respective terms, the following Liabilities (as defined below) (collectively, the “Assumed Liabilities”):

(a) all Liabilities of Seller arising from or after Closing under the Assumed Contracts and not as a result of any previous breach or default thereunder by Seller;

(b) all Liabilities relating to amounts required to be paid by Buyer hereunder;

(c) all Transfer Taxes (as defined below);

(d) all taxes related to the Station Assets that are required to be paid after the Closing Date, other than income taxes of Seller or taxes imposed in lieu thereof; and

(e) all other Liabilities with respect to the Station Assets arising after the Closing Date.

1.4 **Excluded Liabilities.** Buyer shall not assume, nor be obligated to pay, perform or discharge, any debts, obligations, liabilities, or commitments of any nature, known or unknown, direct or indirect, accrued or unaccrued, liquidated or unliquidated, fixed or contingent, legal, statutory, contractual or otherwise, disclosed or undisclosed (the “Liabilities”), of Seller (whether or not related to the Station Assets) or otherwise relating to or arising from the Station Assets or the operation of the Station not expressly set forth in Section 1.3 above (such Seller retained liabilities are referred to, collectively, as “Excluded Liabilities”), including, without limitation, the following Liabilities:

- (a) all Liabilities arising out of Excluded Assets;
- (b) all Liabilities for taxes of Seller relating to the Station Assets for any tax due and payable on or before the Closing Date except Transfer Taxes;
- (c) any indebtedness or other debt obligation of Seller including, without limitation, any liability for Seller's past due employment tax withholding obligations or other taxes due and owing by Seller to any government agency, or Seller's liability for any environmental condition in existence on the date hereof that is in violation of law;
- (d) any Liabilities to current or former employees, consultants and contractors of Seller, except as such Liabilities might arise in an Assumed Contract;
- (e) any Liability relating to litigation, arbitration, investigation, claim or proceeding pending or threatened against Seller or its assets based on acts or omissions occurring prior to the Closing; and
- (f) any Liability arising out of or payable upon consummation of the transactions contemplated by this Agreement that are not expressly assumed by Buyer hereunder (such as change-of-control payments, phantom stock payments, "success bonuses" or any broker's fees), except Transfer Taxes.

1.5 **Assumed Contracts.** At Closing, Seller shall assume and assign to Buyer and Buyer shall assume from Seller, the Assumed Contracts.

1.6 **Seller's Accounts Receivable.** The Account Receivable with respect to the period prior to the Closing Date shall be the property solely of the Seller and shall be collected by Seller. Buyer shall remit promptly to Seller and payment received by Buyer intended for the payment of an account receivable of Seller.

ARTICLE II **CONSIDERATION**

2.1 Purchase Price and Payment.

(a) The purchase price for the Station Assets shall be Two Hundred Seventy-Five Thousand Dollars (\$275,000) (the "Purchase Price") of which Seventy-Five Thousand Dollars (\$75,000) shall be due and payable at the Closing via a wire transfer of immediately available federal funds and Two Hundred Thousand Dollars (\$200,000) shall be evidenced in the form of an secured installment promissory note with a term of five (5) years, bearing simple interest at a rate of six percent (6%) per annum, which note shall be freely assignable in due course and shall be substantially in the form of Exhibit 2.1(a)(1) attached hereto (the "Note") and secured by all of the assets of the Station to the extent permitted by law pursuant to a security agreement substantially in the form of Exhibit 2.1(a)(2) (the "Security Agreement").

(b) All revenues and all expenses arising from the Station Assets shall be allocated between Buyer and Seller in accordance with generally accepted accounting principles, consistently applied, and to effect the principle that Seller shall receive all revenues and shall be

responsible for all expenses, costs and liabilities related to the period prior to the Closing Date, and Buyer shall receive all revenue and shall be responsible for all expenses, costs and liabilities related to the period on and subsequent to the Closing Date, subject to the Time Brokerage Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Buyer as follows:

3.1 **Organization, Standing and Qualification.** Seller has all requisite power and authority to enter into this Agreement and the other documents and instruments to be executed and delivered by Seller and to carry out the transactions contemplated hereby and thereby.

3.2 **Authorization and Binding Obligation.** The execution, delivery and performance of this Agreement by Seller have been duly and validly authorized by all necessary action on the part of Seller; and (b) this Agreement has been duly signed and delivered by Seller and constitutes the legal, valid and binding obligations of Seller, enforceable in accordance with its terms, except as the enforceability may be affected by bankruptcy and other laws affecting creditors' rights generally, and by judicial discretion in the enforcement of equitable remedies.

3.3 **FCC and Governmental Matters.**

(a) Seller is the FCC-authorized licensee of the Licenses attached as Schedule 1(a), which are in effect in accordance with their terms and have not been revoked, suspended, canceled, rescinded or terminated. Seller has no other authorizations, construction permits or licenses issued by the FCC pertaining to the Station. Except as may disclosed in Schedule 3.3(a), (i) there is not pending, or, to Seller's knowledge, threatened, any action before the FCC to revoke, suspend, cancel or rescind any of the Licenses (other than proceedings to amend FCC rules of general applicability); (ii) there is not now issued, pending, outstanding, or to Seller's knowledge, threatened, by or before the FCC, any order to show cause, notice of violation, notice of apparent liability, or notice of forfeiture against the Station or any of the Licenses; and (iii) seller has received no written communication from the FCC indicating that Seller is not in substantial compliance in all material respects with all applicable requirements of the FCC.

(b) To the knowledge of Seller, all regulatory fees due and owing and required to be paid to the FCC by Seller have been paid.

(c) To Seller's knowledge, Seller is, in all respects material to the transactions described herein, in compliance with all requirements of law, federal, state and local, and all requirements of governmental authorities having jurisdiction over it including, without limitation, the Communications Act of 1934, as amended, and the rules and published policies of the FCC promulgated pursuant thereto (collectively, the "Communication Laws").

3.4 **Hazardous Materials.** To Seller's knowledge, no hazardous or toxic materials (as hereinafter defined) exist in any structure located on, or exist on or under the surface of, any of the real property or equipment to be conveyed to or leased by Buyer. For purposes of this Agreement, "hazardous or toxic material" shall mean waste, substances, materials, smoke, gas,

pollutants, contaminants, asbestos or asbestos related products, PCB's, petroleum, crude oil (or any fraction or distillate thereof) or particular matter designated as hazardous, toxic or dangerous, or requiring special handling, treatment or storage whether or not designated hazardous, toxic or dangerous under any environmental laws. For purposes of this Agreement "environmental law" shall be interpreted to mean the Comprehensive Environmental Response Compensation and Liability Act, any successor to such law, and/or any other applicable federal, state, or local environmental, health or safety law, rule or regulation concerning the treating, producing, handling, storing, releasing, spilling, leaking, pumping, pouring, emitting, or dumping of any waste, substance, materials, smoke, gas or particulate matter or imposing liability or standards in connection therewith.

3.5 **Tangible Personal Property.** Without material exception, the tangible personal property included in the Station Assets and used or intended for use in the operation of the Station is in compliance with all applicable laws in all material respects and is in good and acceptable operating condition for its designated use in the operation of the Station, subject to normal wear and tear.

3.6 **Absence of Litigation.** Except as may be otherwise set forth on Schedule 3.4, there is no suit, action, proceeding or investigation now pending or, to the best knowledge of Seller, threatened before any federal, state or local court, grand jury, administrative or regulatory body, arbitration or mediation panel or similar body, to against Seller or in any way involving or relating to the Station Assets that reasonably could be expected to result in any judgment, order, decree, liability, award or other determination having a material adverse effect upon any of the Station Assets. To the knowledge of the Seller, there is no order, judgment or decree of any court or governmental agency enjoining Seller from selling and transferring the Licenses or any of the Station Assets to Buyer pursuant to this Agreement.

3.7 **Brokers and Finders.** Except for Mr. Eddie Esserman, whose fees shall be the sole obligation of the Seller, there is no investment banker, broker, finder, financial advisor or other intermediary (collectively a "Broker") who has been retained by or is authorized to act on behalf of Seller that is be entitled to any fee or commission in connection with the transactions contemplated by this Agreement.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as follows:

4.1 **Organization and Standing.** Buyer is a corporation organized under the laws of Virginia and has all requisite corporate power and authority to enter into this Agreement and the other documents and instruments to be executed and delivered by Buyer and to carry out the transactions contemplated hereby and thereby.

4.2 **Authorization and Binding Obligation.** The execution, delivery and performance of this Agreement by Buyer have been duly and validly authorized by all necessary corporate action on the part of Buyer. This Agreement has been duly signed and delivered by Buyer and constitutes the legal, valid and binding obligations of Buyer, enforceable against it in

accordance with its terms, except as the enforceability may be affected by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, and by judicial discretion in the enforcement of equitable remedies.

4.3 **Absence of Violation, Conflicting Agreements.** Buyer's execution, delivery and performance of this Agreement (with or without the giving of notice, lapse of time, or both): (i) do not require the consent of any third party other than the FCC; (ii) do not violate any provision of its articles, by-laws, or other organizational documents; (iii) do not violate any applicable law, judgment, order, injunction, decree, rule, regulation, ordinance or ruling of any court or governmental authority; (iv) do not conflict with, constitute grounds for termination of, result in a breach of, constitute a default under, or accelerate or permit the acceleration of any performance required by the terms of any agreement, instrument, license or permit to which Buyer is a party or by which Buyer may be bound, such that Buyer could not acquire the Station Assets.

4.4 **Absence of Litigation.** Buyer is not a party to any suit, action, proceeding or investigation pending or, to Buyer's knowledge, threatened before any federal, state or local court, grand jury, administrative or regulatory body, arbitration, or mediation panel or similar body that seeks to enjoin or prohibit or otherwise to question the validity of any action taken or to be taken by Buyer pursuant to or in connection with this agreement.

4.5 **Financial Ability.** Buyer has and will have the funds available to purchase the Station pursuant to the consideration provisions set forth under Section 2.1(a) of this Agreement at the Closing.

4.6 **Condition of the Station Assets.** Notwithstanding anything contained in this Agreement to the contrary, Buyer acknowledges and agrees that Seller is not making any representations or warranties whatsoever, express or implied, beyond those expressly given by Seller in Article III hereof (as modified by the schedules hereto as supplemented or amended). Buyer acknowledges that it has conducted to its satisfaction, its own independent investigation of the Station Assets and, in making the determination to proceed with the transactions contemplated by this Agreement, Buyer has relied on the results of its own independent investigation, and is not relying on any statements or representations of Seller, or any of its employees or agents, other than those representations or warranties expressly set forth in Article III hereof.

4.7 **FCC Matters.** (a) Buyer is legally, financially and otherwise qualified to assume and hold the Licenses and to acquire, own, and operate the Station under the Communications Laws, including all provisions thereof, relating to attribution of media ownership, foreign ownership and control, and character qualifications; (b) Buyer knows of no fact that would, under the Communications Laws (i) disqualify Buyer as an assignee of the Licenses or as the owner and operator of the Station or (ii) cause the FCC to fail or refuse to grant the FCC Application in a timely manner; and (c) no waiver of any FCC rule or policy is necessary to be obtained for the grant of the FCC Application, nor will processing pursuant to any exception to any FCC rule or policy of general applicability be requested or required in connection with Buyer's consummation of the transactions contemplated by this Agreement.

4.8 **Brokers and Finders.** There is no investment banker, broker, finder, financial advisor or other intermediary (collectively a “Broker”) who has been retained by or is authorized to act on behalf of Buyer who might be entitled to any fee or commission in connection with the transactions contemplated by this Agreement.

ARTICLE V **COVENANTS**

5.1 **Covenants of Seller.** Between the date hereof and the Closing Date, except as contemplated by this Agreement or with the prior written consent of Buyer, Seller hereby covenants and agrees:

(a) to operate, or cause the operation of, the Station in the ordinary course of business;

(b) not to sell, transfer or further encumber (including without limitation permitting a Lien to come into existence) any of the Station Assets;

(c) keep in full force and effect, without amendment, cancellation or other modification, all Assumed Contracts;

(d) upon execution of this Agreement and reasonable advance notice received from Buyer, Seller shall (a) afford Buyer and its authorized representatives full and free access, during regular business hours, to Seller’s personnel, properties, contracts, books and records and other documents and data, such rights of access to be exercised in a manner that does not unreasonably interfere with the operation of the Station; (b) afford Buyer and its authorized representatives access to copies of all such contracts, Licenses, books and records and other existing documents and data relating to the Station Assets; (c) afford Buyer and its authorized representatives access to such additional financial, operating and other relevant data and information relating to the Station Assets as Buyer may reasonably request and permit Buyer to review and make inquiries and obtain responses from Seller’s personnel and representatives concerning such information and any information provided prior to the date hereof; (d) allow Buyer and its authorized representatives access to conduct, at Buyer’s sole expense, an examination and assessment of the premises subject to the Real Estate Leases; and (e) otherwise cooperate and assist, to the extent reasonably requested by Buyer, with Buyer’s review and examination of the properties and assets, and financial condition and results of operations, of or related to the Station Assets;

(e) to notify Buyer promptly in writing of the commencement of any material claim, suit, action, arbitration, legal, administrative or other proceeding, governmental investigation or tax audit against Seller.

(f) to promptly notify Buyer in writing if Seller becomes aware that any representation or warranty made in this Agreement by Seller is no longer true and correct;

(g) to cooperate fully with Buyer in taking any and all actions necessary or desirable for the consummation of the transactions contemplated by this Agreement;

(h) upon execution of this Agreement to give Buyer and its employees and other authorized representatives, reasonable access during normal business hours and with reasonable written prior notice, access to the Station Assets and to all other books, records and documents of Seller relating solely to the Station for the purpose of audit and inspection, and all information with respect to the Station's business that Buyer may reasonably request, provided, however, that no such investigation or examination shall be permitted to the extent that it would require Seller to disclose information subject to attorney-client privilege, conflict with any confidentiality obligations to which Seller is bound or violate the terms of any Real Estate Lease; and

(i) to use reasonable commercial efforts to maintain the current staff of the Station, provided that, without the approval of Buyer, Seller shall not become obligated to pay any substantial bonus or adjust the rate of compensation for any employee

5.2 **Joint Covenants.**

(a) **FCC Application.** Buyer and Seller shall cooperate fully with each other (and cause their respective counsel so to cooperate) in taking any actions necessary to obtain FCC Consent, including (i) the filing of an application (the "FCC Application") with the FCC for all necessary consent of the FCC to the assignment of the Licenses to Buyer or its assignee as proposed in this Agreement, and (ii) the defense against any petition to deny or informal objection filed against the FCC Application. Each party shall prepare its portion of the FCC Application, which shall be filed with the FCC within ten (10) business days after the execution of this Agreement. Buyer and Seller each shall pay one-half of the FCC filing fees associated with the FCC Application. The FCC action or order granting the FCC Application without any material adverse conditions other than those of general applicability is referred to as the "FCC Consent," provided that the following shall be deemed to be customarily imposed conditions and not "material adverse conditions": any condition that arises from or that adversely affects a party because of that party's breach of its representations, warranties, or covenants under this Agreement. The parties hereto acknowledge that the purchase and sale of the Station Assets as contemplated by this Agreement is subject to the receipt of the FCC Consent. Each party shall promptly provide to the other party a copy of any pleading, order or other document served on or delivered to it relating to the FCC Application. Buyer and Seller shall take or cause to be taken all commercially reasonable actions necessary or appropriate to permit the FCC to grant the FCC Consent at the earliest practicable date and agree to comply with all conditions imposed on it (or its affiliates) by the FCC Consent that are applicable to radio broadcast stations generally, that are customarily imposed on similarly situated radio broadcast stations or that arise out of such party's breach of this Agreement. Each of Buyer and Seller shall use its commercially reasonable efforts to oppose any petitions to deny or other objections filed with respect to the FCC Application and any requests for reconsideration or review of the FCC Consent.

(b) **Other Consents.** Seller shall use its commercially reasonable efforts, and Buyer shall cooperate with Seller, to obtain at the earliest practicable date all consents and approvals of third parties required to consummate the transactions contemplated by this Agreement; provided, however, that Seller shall not be obligated to pay any consideration therefor to any third party from whom consent or approval is requested or to initiate any litigation or legal proceedings to obtain any such consent or approval.

(c) Further Assurances. Each of Seller and Buyer shall use its commercially reasonable efforts to (i) take all actions necessary or appropriate to consummate the transactions contemplated by this Agreement and (ii) cause the fulfillment at the earliest practicable date of all of the conditions to their respective obligations to consummate the transactions contemplated by this Agreement. At and after the Closing, Buyer and Seller shall, without further consideration, execute and deliver such further instruments and documents and do such other acts and things that the other party may reasonably request to effect or confirm the transactions contemplated by this Agreement.

ARTICLE VI

CLOSING

6.1 **Time and Place.** The closing of the sale of the Station Assets to Buyer from Seller (the “Closing”) shall take place at on a business day specified by notice of Seller to Buyer within ten (10) business days following the date that the action of the FCC granting the FCC Consent becomes a Final Order (as defined below), provided that the FCC Consent shall then be in effect and shall not have been reversed, stayed, enjoined, annulled or set aside (such date, the “Closing Date”). The parties shall cooperate so that the Closing shall take place to the maximum extent feasible by exchange of documents electronically or by courier and otherwise the location of the Closing shall take place at 12:00 noon at the WEYE studios or at such other time or location as the parties shall mutually agree in writing.

6.2 **Seller’s Deliveries at Closing.** At Closing, Seller shall deliver or cause to be delivered to Buyer the following:

(a) a Bill of Sale and all other documents required to be delivered by the Seller prior to the Closing pursuant to this Agreement as are required to effectively vest in Buyer good and marketable title in and to all of the Station Assets, free and clear of any and all Liens, which documents, for purposes of this Agreement, shall be defined as the “Transaction Documents”;

(b) copies of the Licenses, together with a copy of the FCC Consent, and all other files, records and correspondence pertaining to the Licenses or the Station in Seller’s possession that are not Excluded Assets;

(c) releases, including, without limitation, termination statements under any applicable Uniform Commercial Code of any financing statements filed in respect of any Station Assets, evidencing discharge, removal and termination of all Liens of record on Station Assets;

(d) tax clearance certificates issued by the applicable state agency in each of the jurisdictions where the Station does business, such certificates evidencing that Seller has filed all state and use tax returns and paid all sales and use tax due;

(e) certificate executed by Seller containing a representation and warranty of Seller that the conditions set forth in Sections 9.1 and 9.3 have been satisfied; and

(f) a valid assignment of the Ground Lease Agreement dated as of September 18, 2001, between Mark Cook and Tri-City Radio, LLC, predecessor of Seller as licensee of the Station (the "Tower Lease").

6.3 **Buyer's Deliveries at Closing.** At Closing, Buyer shall deliver or cause to be delivered to Seller the following:

(a) The cash portion of the Purchase Price as provided in Section 2 hereof, by wire transfer or immediately available federal funds, it being understood that (i) Buyer and Seller shall cooperate in good faith to agree upon a schedule for the disbursement of the Purchase Price such that the adjustments and allocations for which this Agreement provides shall be reflected; and (ii) Buyer, at Seller's instructions, shall disburse such portions of the Purchase Price to such third parties as Seller may direct in connection with the discharge of Seller's obligations to such third parties and with Seller's obtaining the release of Liens of record on the Station Assets consistent with this Agreement and concurrent with the Closing;

(b) The Promissory Note and the Security Agreement;

(c) A certificate executed by Buyer containing a representation and warranty of Buyer that the conditions set forth in Sections 9.2 and 9.3 have been satisfied.

6.4 **Closing Costs and Other Closing Payments.** At Closing, Buyer will pay all transfer taxes, if any. The closing costs and other payments described on Schedule 6.4 shall be paid at the Closing pursuant to the allocation set forth in Schedule 6.4.

ARTICLE VII **TERMINATION**

7.1 **Termination by Buyer.** Buyer may terminate this Agreement, if not then in material default, upon written notice to Seller upon the occurrence of any of the following:

(a) if FCC approval is denied or approval has not been received within twelve (12) months from the date the FCC Application is filed; or

(b) if the Seller defaults in any material respect in the observance or in the due and timely performance of any of its material covenants or agreements contained herein and such default has not been cured within twenty (20) days after receiving written notice from the Buyer.

7.2 **Termination by Seller.** Seller may terminate this Agreement, if not then in material default, upon written notice to Buyer, upon the occurrence of any of the following:

(a) if FCC approval is denied or approval has not been received within the twelve-month period after the FCC Application is filed; or

(b) if the Buyer defaults in the observance or in the due and timely performance of any of its material covenants or agreements contained herein, and such default has not been cured within twenty (20) days after receiving written notice from the Seller.

7.3 **Effect of Termination.**

(a) In the event that this Agreement is validly terminated as provided herein, then each of the parties shall be relieved of its duties and obligations arising under this Agreement after the date of such termination and such termination shall be without liability to Buyer or Seller subject to the provisions of this Section 7.3; provided, however, that the obligations of the parties set forth in Article IX hereof shall survive any such termination and shall be enforceable hereunder and Seller shall be obligated to return the earnest money deposit to Buyer within ten (10) business days of receipt of written notice from Buyer of a valid termination by Buyer.

(b) Nothing in this Article VII shall relieve Buyer or Seller of any liability for a breach of this Agreement prior to the date of termination.

ARTICLE VIII **CONDITIONS TO CLOSING**

8.1 **Conditions to Obligations of Buyer.** The obligations of Buyer to consummate the transactions contemplated by this Agreement is subject to the fulfillment (or waiver by Buyer) at or prior to the Closing of the following conditions:

(a) each of the representations and warranties made by Seller in this Agreement shall be true and correct on the Closing Date in all material respects, with the same form and effect as though such representations and warranties had been made on and of such time;

(b) all of the covenants and obligations that Seller is required to comply with or to perform at or prior to Closing shall have been complied and performed in all material respects;

(c) Buyer shall have received each of the items set forth in Section 6.2 of this Agreement; and

(d) The FCC shall have granted the FCC Consent and any condition to the FCC Consent required to be satisfied at or prior to the Closing shall have been satisfied.

8.2 **Conditions to Obligations of Seller.** The obligation of Seller to consummate the transactions contemplated by this Agreement is subject to the fulfillment (or waiver by Seller), at or prior to the Closing of the following conditions:

(a) each of the representations and warranties made by Buyer in this Agreement shall be true and correct on the Closing Date with the same form and effect as though such representations and warranties had been made on and of such time;

(b) all of the covenants and obligations that Buyer is required to comply with or to perform at or prior to Closing shall have been complied and performed in all material respects;

(c) Seller shall have received each of the items set forth in Section 6.3; and

(d) The FCC shall have granted the FCC Consent and any condition to the FCC Consent required to be satisfied at or prior to the Closing shall have been satisfied.

8.3 **Conditions to Obligations of Buyer and Seller.** The respective obligations of Buyer and Seller to consummate the transactions contemplated by this Agreement are subject to the fulfillment, on or prior to the Closing Date, of each of the following conditions:

(a) the FCC shall have issued the FCC Consent; and

(b) there shall not be in effect any preliminary or permanent injunction or other order or decree issued by any federal, state, local, municipal, governmental or quasi-governmental authority or court of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby; and

8.4 **Frustration of Closing Conditions.** Neither Seller nor Buyer may rely on the failure of any condition set forth in this Article VIII if such failure was caused by such party's failure to comply with any provision of this Agreement. Furthermore, Buyer and Seller are entering into a Time Brokerage Agreement on the date hereof (the "TBA"). Following execution, Buyer and Seller shall comply with the terms of the TBA. Notwithstanding anything to the contrary contained in this Agreement or otherwise, no fact or circumstance that occurs after entry of Buyer and Seller into the TBA as a result of any action by Buyer, or failure by Buyer to act when under a duty to act, in accordance with the terms of the TBA or as a result of Buyer's activities or operations with respect to the Station, shall by itself be deemed to give rise to (i) a breach or default of Seller's representations, warranties, agreements or covenants under this Agreement or the TBA or any other agreement entered into between Buyer and Seller in connection herewith, or (ii) a failure of any of the conditions to Closing set forth in this Article VIII.

ARTICLE IX **MISCELLANEOUS**

9.1 **Specific Performance.** The parties recognize and agree that the Station Assets are unique and that if, prior to Closing, either party breaches this Agreement and refuses to perform under the provisions hereof, the non-breaching party would be damaged irreparably and the award of monetary damages alone would not be adequate to compensate the non-breaching party for its injury. The non-breaching party shall therefore be entitled to obtain specific performance of the terms of this Agreement, and to injunctive or other equitable relief as remedies or any such breach or failure to perform, without waiving any other rights the non-breaching party receives herein or may have at law or equity.

9.2 **Assignability.** Each party agrees that the entirety of the other party's unperformed rights, duties, benefits and obligations under this Agreement are assignable to a directly or indirectly commonly owned affiliate, provided that party agrees to accept such assignment and assume all such obligations hereunder. Any other assignment shall require the prior written consent of the other party, which shall not be unreasonably withheld. No assignment by Buyer of its rights under this Agreement, either in whole or in part, shall relieve

Buyer of any of its obligations under this Agreement; and, in the event of any breach or failure to close on the part of Buyer or any assignee of Buyer, Seller may elect to proceed solely against Buyer for the full amount of any damages Seller may have sustained by reason of such breach or failure to close.

9.3 **Section 73.1150 Statement.** Both the Seller and Buyer agree that the Seller has retained no rights of reversion of the WEYE license, no right to the reassignment of the WEYE license in the future, and has not reserved the right to use the facilities of WEYE in the future for any reason whatsoever.

9.4 **Survival of Representations and Warranties.** The representations, warranties and covenants in this Agreement and any agreements required to be performed prior to Closing, including the Time Brokerage Agreement shall survive Closing for a period of one year from the Closing Date whereupon they shall expire and be of no further force or effect, except that if within such period the indemnified party gives the indemnifying party written notice of a claim for breach thereof pursuant to Section 9.7 hereof describing in reasonable detail the nature and basis of such claim, then such claim, together with all related indemnification obligations of the applicable party shall survive until the resolution of such claim.

9.5 **Risk of Loss.** The risk of loss, damage or destruction to any of the property or assets to be transferred to Buyer hereunder from fire or other casualty or cause shall be borne by Seller at all times up to the close of business on the Closing Date. In the event of any such loss, damage or destruction, the proceeds of any claim for any loss, payable under any insurance policy with respect thereto, shall be used to repair, replace, or restore any such property to its former condition. However, in the event that the property is not completely repaired, replaced or restored on or before the Closing Date, the parties may agree to postpone the Closing. If circumstances referenced above require postponement of the Closing for a period of 60 days or more, the parties may agree to rescind this Agreement.

9.6 **Taxes.** Buyer shall be solely responsible for any sales, use, excise or transfer tax due as a result of this transaction (the "**Transfer Taxes**"). To the extent that Seller shall be required to pay any Transfer Taxes, Buyer shall promptly reimburse Seller, as applicable, for such Transfer Taxes.

9.7 **Indemnification.** It is understood and agreed that, unless expressly assumed herein, the Buyer does not assume and shall not be obligated to pay any liabilities of Seller under the terms of this Agreement or otherwise and shall not be obligated to perform any obligations which arise subsequent to the Closing Date or as herein provided. Seller hereby agrees to indemnify and hold Buyer, its successors and assigns, harmless from and against the following:

- (i) Any and all claims, liabilities and obligations of every kind and description, contingent or otherwise, arising from or related to the operation of the Station prior to the close of business on the Closing Date, including, but not limited to, any and all claims, liabilities and obligations arising or required to be performed prior to the close of business on the Closing Date under any contract or instrument assumed by Buyer hereunder.

(ii) Any and all damages or deficiency resulting from any misrepresentations, breach of warranty or covenant, or nonfulfillment of any agreement or obligation on the part of Seller under this Agreement, or from any misrepresentation in or omission from any certificate or other instrument furnished to the Buyer pursuant to this Agreement or in connection with any of the transactions contemplated hereby.

(iii) Any and all actions, suits, proceedings, damages, assessments, judgments, costs and expenses, including reasonable attorneys' fees incident to any of the foregoing provisions.

(b) It is understood and agreed that, unless expressly assumed herein, the Seller does not assume and shall not be obligated to pay any liabilities of Buyer under the terms of this Agreement or otherwise and shall not be obligated to perform any obligations which arise subsequent to the Closing Date or as herein provided. Buyer hereby agrees to indemnify and hold Seller, its successors and assigns, harmless from and against the following:

(i) Any and all claims, liabilities and obligations of every kind and description, contingent or otherwise, arising from or related to the operation of the Station subsequent to the close of business on the Closing Date, including, but not limited to, any and all claims, liabilities and obligations arising or required to be performed subsequent to the close of business on the Closing Date under any contract or instrument assumed by Buyer hereunder.

(ii) Any and all damages or deficiency resulting from any misrepresentations, breach of warranty or covenant, or nonfulfillment of any agreement or obligation on the part of Buyer under this Agreement, or from any misrepresentation in or omission from any certificate or other instrument furnished to the Seller pursuant to this Agreement or in connection with any of the transactions contemplated hereby.

(iii) Any and all actions, suits, proceedings, damages, assessments, judgments, costs and expenses, including reasonable attorneys' fees incident to any of the foregoing provisions.

(c) If any claim or liability shall be asserted against the Buyer or Seller which would give rise to a claim by the one party against the other party for indemnification under the provisions of this Paragraph, the first party shall promptly notify the other party (second party) in writing of the same and the second party shall, at its own expense, defend any such action.

9.8 **Attorney Fees.** If any party should default in the performance of any of the terms or conditions of this Agreement, which default results in the filing of a lawsuit for damages, specific performance, or other permitted remedy, the prevailing party in such lawsuit shall be entitled to its reasonable legal fees and expenses, including such fees and expenses at the appellate level.

9.9 **Benefit and Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs and assigns.

9.10 **Governing Law.** This Agreement shall be governed, construed and enforced in accordance with the laws of the State of Tennessee without regard to the choice of law provisions thereof.

9.11 **Construction.** The parties acknowledge and agree that this Agreement has been fully negotiated between them and shall not be interpreted or construed against the drafting party.

9.12 **Notices.** All notices, demands, requests or other communication required or permitted hereunder shall be in writing and sent by certified, express or registered mail, return receipt requested, postage prepaid, overnight air courier service, personal delivery, or via facsimile (with proof of transmission) to the address specified below (or to such other address which a party shall specify to the other party in accordance herewith):

If to Buyer:

Positive Alternative Radio, Inc.
P. O. Box 889
Blacksburg, VA 24063

With a copy (which shall not constitute notice) to:

Cary S. Tepper
Booth, Freret, Imlay & Tepper, PC
7900 Wisconsin Avenue
Suite 304
Bethesda, MD 20814-3628

If to Seller:

ASRadio, LLC
5835 Lawrence Drive
Indianapolis, IN 46226

With a copy (which shall not constitute notice) to:

John S. Logan, Esq.
Dow Lohnes PLLC
Suite 800
1200 New Hampshire Avenue, N.W.
Washington, DC 20036-6802

Notice shall be deemed to have been given on the date of personal delivery, the date set forth in the records of the delivery service, or on the return receipt.

9.13 **Multiple Counterparts and Facsimile Signatures.** This Agreement may be signed in counterparts, each of which shall be deemed an original, but all of which together shall

constitute one and the same agreement. Counterpart signatures to the Agreement delivered and received by facsimile shall be acceptable and binding on both parties.

9.14 **Entire Agreement.** This Agreement, the schedules and exhibits hereto, and all documents to be delivered by the parties pursuant hereto, collectively represent the entire understanding and agreement between Buyer and Seller with respect to the subject matter hereof. This Agreement supersedes all prior memoranda and agreements between the parties hereto, and may not be modified, supplemented or amended, except by a written instrument signed by each of the parties hereto designating specifically the terms and provisions so modified, supplemented or amended.

9.15 **Captions.** The section captions and headings in this Agreement are for convenience and reference purposes only and should not affect in any way the meaning or interpretation of this Agreement.

9.16 **No Waiver.** Unless otherwise specifically agreed in writing to the contrary: (i) the failure of any party at any time to require performance by the other of any provision of this Agreement shall not affect such party's right thereafter to enforce the same; (ii) no waiver by any party of any default by another shall be taken or held to be a waiver by such party of any other preceding or subsequent default; and (iii) no extension of time granted by any party for the performance of any obligation or act by any other party shall be deemed to be an extension of time for the performance of any other obligation or act hereunder.

9.17 **Further Assurances.** Upon the signing of this Agreement, Seller will use its best efforts, and Buyer will reasonably cooperate with Seller, to secure the FCC Consent and any related authorizations or fulfillment of any conditions hereto. The parties acknowledge that FCC Consent is required to assign of the Licenses, and agree not to consummate such assignment before such consent has been obtained. At and after the Closing, Buyer and Seller shall, without further consideration, execute and deliver such further instruments and documents and do such other acts and things that the other party may reasonably request in order to effect or confirm the transactions contemplated by this Agreement.


9.18 **Interpretation.** The language used in this Agreement shall be deemed to be the language chosen by the parties to express their mutual intent. In the event that an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any person or entity by virtue of the authorship of any of the provisions of this Agreement.

[Signature pages follow]

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

SELLER:

ASRADIO, LLC

By: 

Title: MANAGING MEMBER

BUYER:

POSITIVE ALTERNATIVE RADIO, INC.

By _____

Title: _____

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

SELLER:

ASRADIO, LLC

By: _____
Title:

BUYER:

POSITIVE ALTERNATIVE RADIO, INC.

By: Edub A. Bob
Title: PRESIDENT

Exhibit 2.1(a)(1)

Note

SECURED PROMISSORY NOTE
("Note")

US\$200,000.00

Dated: _____

1. **PROMISE TO PAY.** FOR VALUE RECEIVED, the undersigned, POSITIVE ALTERNATIVE RADIO, INC., a Virginia non-profit corporation (the "Maker"), does hereby promise to pay to the order of MARY CATHERINE SNEED, an individual resident of the State of Georgia (the "Holder"), the principal sum of TWO HUNDRED THOUSAND DOLLARS AND XX/100 CENTS (US\$200,000.00) together with interest thereon at the rate hereinafter set forth, in lawful money of the United States of America, which at the time of payment shall be legal tender in payment of all debts and dues, public and private, such principal to be paid in the manner hereinafter provided.

2. **PAYMENTS/INTEREST.** Maker shall pay to Holder sixty (60) monthly installments of \$3,866.56 each, the first such payment being due and payable beginning on [REDACTED], and succeeding installments being due on the first day of each calendar month thereafter until the Maturity Date as hereinafter defined. The monthly installments include interest calculated at an agreed upon rate of six percent (6%) per annum and are payable in lawful money of the United States of America by way of direct deposit by electronic check to the Holder's account at [REDACTED].

3. **LATE PAYMENT.** Any installment not deposited into Holder's account by the fifth day of the month in which the installment is due will be deemed a "Late Payment." For each Late Payment, Maker will incur a late fee ("Late Fee") of ONE HUNDRED TWENTY-FIVE DOLLARS (US\$125.00), which is immediately due and payable in addition to the Late Payment.

4. **MATURITY DATE.** On the fifth anniversary of the date hereof (such date being the "Maturity Date"), the entire outstanding principal balance of the indebtedness hereby evidenced, together with all accrued but unpaid interest thereon and all unpaid fees, shall be due and payable in full.

5. **PREPAYMENT.** The indebtedness evidenced by this Note may be prepaid in whole or in part from time to time without payment of any prepayment premium, fee or penalty.

6. **DEFAULT AND ACCELERATION CLAUSE.** If Maker fails to pay any portion of any installment of this Note by the tenth (10th) day of the month in which the installment is due or to make any other payment required by this Note, or in the performance of any other obligation herein, then Holder may declare the unpaid principal balance and earned interest on this Note immediately due and payable.

7. **SECURITY.** This Note is secured by the collateral described in that certain Security Agreement of even date herewith, executed by Maker in favor of Holder.

8. **REMEDIES.** Maker promises to pay all costs of collection incurred by the Holder, including reasonable attorneys' fees and court costs, if this Note is collected by or

through an attorney at law or if it is collected or enforced through probate, bankruptcy, or other judicial proceeding.

9. **MISCELLANEOUS.** Maker hereby waives presentment, demand, protest or notice of any kind in connection with this Note. Time is of the essence of this Note. This Note shall be governed, construed and interpreted by, through and under the laws of the State of Tennessee without giving effect to provisions relating to conflicts of law. As used herein, the terms “Maker” and “Holder” shall be deemed to include their respective heirs, successors, legal representatives and assigns, whether by voluntary action of the parties or by operation of law. The titles of sections or paragraphs herein are used for the convenience of the parties only and neither amplify, modify or alter in any way the provisions of this instrument.

IN WITNESS WHEREOF, Maker and Holder have duly executed this Note on the date first above written.

MAKER:

HOLDER:

POSITIVE ALTERNATIVE RADIO, INC.,
A Virginia Non-Profit Corporation

By: _____

_____[SEAL]

Print Name: _____

MARY CATHERINE SNEED

Title: _____

Exhibit 2.1(a)(2)

Security Agreement

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this “Security Agreement”) is made effective as of September __, 2012 (the “Effective Date”) by and between POSITIVE ALTERNATIVE RADIO, INC., a Virginia non-profit corporation (the “Debtor”), MARY CATHERINE SNEED, an individual resident of the state of Georgia (the “Secured Party”), (each a “Party”, and collectively, the “Parties”).

WHEREAS, in connection with that certain Asset Purchase and Sale Agreement (the “Purchase Agreement”) of even date herewith by and among Debtor as Buyer and ASRadio, LLC as Seller, subject to satisfaction of the terms and conditions set forth herein the Secured Party has agreed to make a loan to Debtor evidenced by a Secured Promissory Note (the “Note”) of even date herewith made by Debtor in favor of the Secured Party; and

WHEREAS, in order to secure the obligations of Debtor under the Note, Debtor agrees to assign and grant to Secured Party a security interest in the Collateral (as hereinafter defined); and

WHEREAS, all capitalized terms used but not defined or modified herein have the meanings ascribed to them in the Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor, intending to be legally bound, hereby covenants and agrees with Secured Party as follows:

ARTICLE 1

1.1 Security. As security for the full, prompt and complete payment and performance of all of the payment obligations of Debtor to pay to Secured Party principal, interest, fees, costs or other amounts (the “Secured Obligations”) under the Note and this Agreement, Debtor hereby grants to the Secured Party a continuing, general, first-priority lien upon and security interest in and to all of the Debtor’s right, title and interest in and to the following, in each case, as to each type of property described below, whether now existing or hereafter acquired by the Debtor, wherever located, and whether now or hereafter existing or arising (collectively, the “Collateral”); provided that the Collateral shall not include any license, permit, or other authorization issued by the FCC (“FCC Licenses”) to the extent (but only to the extent) that at such time the Secured Party may not validly possess a security interest therein pursuant to the Communications Act of 1934, as amended, and the rules, regulations, published orders and published and promulgated policy statements of the FCC, all as may be amended from time to time (collectively, the “Communications Laws”), but the Collateral shall include, to the maximum extent permitted by law, all rights incident or appurtenant to the FCC Licenses and the right to receive any money, consideration or proceeds derived from or in connection with the sale, assignment or transfer of any FCC Licenses:

[Collateral will be defined as the Station Assets being purchased pursuant to the purchase Agreement]

1.2 Authorization. Debtor hereby authorizes the filing of an initial financing statement, and any amendments thereto, and all such further deeds, conveyances, pledge agreements, mortgages, deeds of trust, trust deeds, assignments, notices of assignment, transfers, certificates, assurances and other instruments necessary to establish the liens and security interests in the Collateral described herein by the Secured Party.

1.3 Appointment as Attorney-in-Fact. Debtor hereby irrevocably designates and appoints the Secured Party its true and lawful attorney-in-fact either in the name of the Secured Party or Debtor to ask for, demand, sue for, collect, compromise, compound, receive, receipt for and give acquittances for any and all sums owing or which may become due upon any items of Collateral and, in connection therewith, to take any and all actions as the Secured Party may deem necessary or desirable in order to realize upon the Collateral including, without limitation: (a) power to receive, endorse, assign or deliver in the name of Debtor any checks, drafts, acceptances, notes, money orders or other instruments received in payment of, or on account of, the Collateral, and Debtor hereby waives presentment, demand, protest and notice of demand, protest and non-payment of any instrument so endorsed; (b) power to sign Debtor's name on any affidavits and notices with regard to any lien rights, any proof of claim in any bankruptcy or on any financing statement or continuation statement under the Uniform Commercial Code; (c) power to sign in Debtor's name any documents necessary to transfer title to the Collateral to the Secured Party or any third party; and (d) power to sign Debtor's name on any financing statements, fixture filings, security agreements, chattel mortgages, assignments, certificates of title and other documents which the Secured Party may need to evidence, perfect or realize upon the Secured Party's security interest in the Collateral; provided that Secured Party shall not be authorized to execute on behalf of Debtor any application or other instrument for submission to the FCC except to the extent permitted by the Communications Laws or to undertake any action that would constitute legal or operational control of any facility operated pursuant to an FCC authorization with due and sufficient authorization from the FCC. All acts of said power of attorney are hereby ratified and approved and the Secured Party shall not be liable for any mistake of law or fact made in connection therewith. This power of attorney is coupled with an interest and shall be irrevocable so long as any amounts remain unpaid on any of the Secured Obligations. The Secured Party shall not be under any duty to exercise any such power of authority.

1.4 Secured Party May Perform Duties.

(a) If the Debtor fails to perform any agreement contained herein, the Secured Party may itself perform, or cause performance of, such agreement, and the expenses of the Secured Party incurred in connection therewith shall be payable by the Debtor under Section 4.4(c) hereof. The powers conferred upon the Secured Party hereunder are solely for the protection of the its interest in the Collateral and shall not impose any duty upon it to exercise any such powers.

(b) Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Secured Party shall have no duty as to any Collateral, whether or not the Secured Party has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Collateral. The Secured Party

shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which the Secured Party accords its own property.

ARTICLE 2

2.1 Representations and Warranties. Debtor represents and warrants to the Secured Party as follows, which warranties and representations shall be continuing and in effect at all times:

(a) Debtor has full power, authority and legal right to execute, deliver and perform their obligations under this Security Agreement and to create a security interest in the Collateral hereunder.

(b) The Note and the execution, delivery and performance of this Security Agreement do not (i) contravene any provision of law or any order of any court or other agency of government, or (ii) contravene any indenture, agreement or other instrument binding upon Debtor, or (iii) conflict with or result in the breach of, or constitute, with due notice or lapse of time or both, a default under any such indenture, agreement or other instrument binding upon Debtor, or (iv) result in the creation or imposition of any lien upon the Collateral, except pursuant to this Security Agreement. This Security Agreement has been duly executed and delivered by Debtor and constitutes the legal, valid and binding obligation of Debtor enforceable in accordance with its terms.

(c) All of the information concerning the Debtor and the Collateral presented on Schedules I, II and III hereto is true and correct in all material respects.

(d) The Debtor is the legal and beneficial owner of the Collateral free and clear of any Lien, except for the security interest created by this Agreement. No effective financing statement or other instrument similar in effect covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of the Secured Party relating to this Agreement.

(e) The Debtor has exclusive possession and control of the Equipment and Inventory, other than as indicated on Schedule I hereto.

(f) All filings and other actions necessary or desirable to perfect and protect the security interest in the Collateral created under this Agreement have been or will be (in the case of financing statements to be filed in connection herewith, it being understood that the Secured Party may file the same on or after the date hereof) duly made or taken and are or will be in full force and effect; and this Agreement creates in favor of the Secured Party a valid and, together with such filings, when effected, and other actions, perfected first priority security interest in the Collateral of the Debtor, securing the payment of the Secured Obligations.

(g) No consent or any other Person and no authorization, approval or other action by, and not notice to or filing with, any governmental authority or regulatory body or other third party is required (1) for the grant by the Debtor of the pledge, assignment

and security interest granted by this Agreement, or (2) except for the consent of the FCC as provided in Section 4.6 hereof to the extent required by the Communications Laws, for the execution, delivery or performance of this Security Agreement by the Debtor or for the exercise by the Secured Party of the rights provided for herein or the remedies in respect of the Collateral pursuant hereto.

(h) Schedule III hereto sets forth the true and correct listing of all corporations, limited liability companies and partnerships wherein the Debtor owns an interest, and the Debtor's interests therein. Schedule III also sets forth, in the case of limited liability companies and partnerships, whether or not such interests constitute investment property under Article 9 of the Georgia Uniform Commercial Code.

2.2 Covenants. Debtor hereby covenants and agrees as follows:

(a) Debtor shall give the Secured Party immediate written notice of the commencement of, or the threat by any person to commence, any action (including self-help) or proceeding for the purpose of enforcing or protecting any actual or alleged lien upon or security interest in any of the Collateral, and including any foreclosure, repossession, attachment, execution or other process regarding any of the Collateral

(b) Debtor shall give the Secured Party immediate written notice of the occurrence of any Event of Default (as defined in Section 3.1 hereof).

(c) Debtor shall not create, incur, assume or suffer to exist any lien upon or security interest in the Collateral, except for the lien and security interest provided by this Security Agreement and minor liens such as statutory liens for taxes not yet due and owing and mechanic's and materialmen's liens arising and dischargeable in the ordinary course of business.

(d) Debtor shall not, without obtaining the prior written consent of the Secured Party, sell, assign (by operation of law or otherwise) or otherwise dispose of, or remove from its present location, or grant any option with respect to, any of the Collateral.

(e) Debtor shall not change its state of organization, its chief executive office or the office or location where it keeps its records concerning the Collateral except upon 30 (thirty) days' prior written notice to Secured Party.

(f) Debtor shall, at any time and from time to time, at the expense of Debtor, promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the Secured Party may reasonably request, in order to perfect and protect the security interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral.

(g) Debtor shall furnish to Secured Party, from time to time upon request, statements and schedules further identifying, updating, and describing the Collateral and

such other information, reports and evidence concerning the Collateral as Secured Party may reasonably request, all in reasonable detail.

(h) Debtor shall not use or permit any Collateral to be used unlawfully or in material violation of any provision of applicable law, or any policy of insurance covering any of the Collateral.

(i) Debtor shall keep full and accurate books and records relating to the Collateral and shall stamp or otherwise mark such books and records in such manner as Secured Party may reasonably request indicating that the Collateral is subject to the security interest hereunder.

(j) Debtor shall at all times maintain insurance with respect to the Collateral satisfactory to the Secured Party. Debtor shall assume all liability and responsibility in connection with the Collateral acquired by them, and the liability of the Debtor to pay the Obligations shall in no way be affected or diminished by reason of the fact that such Collateral may be lost, stolen, damaged, or for any reason whatsoever unavailable to the Debtor.

(k) Debtor shall keep the Equipment and Inventory of the Debtor at the places therefor specified on Schedule I or, upon thirty (30) days' prior written notice to Security Party, at such other places in a jurisdiction where all action, if any, required by clause (f) of this Section 2.2 shall have been taken with respect to such Equipment and Inventory. The Debtor shall cause the Equipment of the Debtor to be maintained and preserved in the same condition, repair and working order as when acquired by Debtor, ordinary wear and tear excepted, and shall, in the case of any loss or damage to any of such Equipment, as quickly as practicable after the occurrence thereof, make or cause to be made, all repairs, replacements and other improvements in connection therewith that are necessary or desirable to such end.

ARTICLE 3

3.1 Event of Default. Each of the following events or circumstances shall be an "Event of Default" under this Security Agreement:

(a) if Debtor shall fail to promptly make any payment due under the Note; or

(b) if any representation or warranty made by Debtor in this Security Agreement is false or is breached; or

(c) if Debtor shall breach or otherwise fail to fulfill any covenant or agreement of Debtor in this Security Agreement; or

(d) if Debtor (i) shall make an assignment for the benefit of creditors, (ii) shall be adjudicated bankrupt or insolvent, (iii) shall seek the appointment of, or be the subject of an order appointing, a trustee, liquidator or receiver as to all or part of its assets, (iv) shall commence, approve, or consent to any case or proceeding under any bankruptcy, reorganization, or similar law and, in the case of an involuntary case or proceeding, such

case or proceeding is not dismissed within thirty (30) days following the commencement thereof, or (v) shall be the subject of an order for relief in an involuntary case under federal bankruptcy law.

3.2 Remedies Upon Event of Default (Subject to Section 4.6(a)).

(a) Upon the occurrence or existence of any Event of Default, or at any time thereafter, subject only to prior receipt by the Secured Party of payment in full of the balance of the Note then outstanding, the Secured Party shall have all of the rights and remedies described herein, and the Secured Party may exercise any one, more or all of such remedies at its sole discretion; and

(b) The Secured Party shall have all of the rights and remedies of a secured party provided by law, including, without limitation, those provided under Title 11 of the Official Code of Georgia, as in effect on the date hereof, whether or not provided by applicable law at the time of exercise, and such rights and remedies are incorporated herein and made a part of this Security Agreement by this reference. In addition, the Secured Party may make any compromise or settlement deemed desirable with respect to the Collateral, or extend the time for payment, arrange for payment in installments or otherwise modify the terms of, or release, any of the Collateral without incurring responsibility to, or affecting any liability of, Debtor.

ARTICLE 4

4.1 No Waiver by the Secured Party; Amendment. No delay, indulgence, departure, extension of time for payment, acceptance of a partial or past due installment, failure to accelerate by reason of an Event of Default or any other act or omission by the Secured Party with respect to Debtor shall: (a) release, discharge, modify, change or otherwise affect the original liability of any party hereunder; (b) be construed as a novation or reinstatement of the indebtedness evidenced hereby, or be construed as a waiver of any right of acceleration or the right of the Secured Party to insist upon strict compliance with the terms hereof; or (c) preclude the Secured Party from exercising any right, privilege or power granted herein or by law. Debtor hereby expressly waives the benefit of any statute or rule of law or equity, whether nor or hereafter provided, which would produce a result contrary to or in conflict with the foregoing. No right, power or remedy conferred upon or reserved to the Secured Party herein is intended to be exclusive of any other right, power or remedy, but each and every such right, power or remedy shall be cumulative and concurrent and shall be in addition to any other right, power or remedy given thereunder or now or hereafter existing. None of the terms or provisions of this Security Agreement may be waived, altered, modified or amended except as the Secured Party and Debtor may consent thereto in writing, and then only to the extent and for the period of time expressly stated therein.

4.2 Waivers by Debtor. Presentment for payment, demand, protest and notice of demand, protest, nonpayment, dishonor, acceleration and intent to accelerate and all other notices are hereby waived by Debtor, who further waives and renounces, to the fullest extent permitted by law, all rights to the benefits of any statute of limitations and any moratorium, reinstatement, marshalling, forbearance, valuation, stay, extension, redemption, appraisalment, exemption and homestead now or hereafter provided by the Constitution and laws of the United States of

America and of each state thereof, both as to itself and in and to all of its property against the enforcement and collection of the obligations evidenced by this Security Agreement or the Note. In addition, Debtor waives any right that it has or may have under Section 11-9-513 of the Official Code of Georgia or any other applicable law to have the Secured Party file termination statements with respect to the Collateral, or any part thereof, and Debtor further agrees that the Secured Party shall not be required to file such termination statements unless and until the Note has been paid in full. Debtor hereby waives all rights that Debtor has or may have under and by virtue of Title 44, Chapter 14 of the Official Code of Georgia, and any federal, state, county or municipal law now or hereafter existing similar in effect thereto, as determined by the Secured Party in its sole discretion, including, without limitation, any right of Debtor to notice and to a judicial hearing prior to seizure by the Secured Party of any of the Collateral.

4.3 Unconditional Payment. Debtor is and shall be obligated to pay any amounts which shall become payable hereunder and under the Note absolutely and unconditionally and without any abatement, postponement, diminution or deduction and without any reduction for counterclaim or setoff. In the event that at any time any payment received by the Secured Party hereunder or under the Note shall be deemed by a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under any bankruptcy, insolvency or other debtor relief law, then the obligation to make such payment shall survive any cancellation or satisfaction of this Security Agreement and shall not be discharged or satisfied with any prior payment thereof or cancellation of the Security Agreement, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof, and such payment shall be immediately due and payable upon demand. This Section 4.3 shall survive any cancellation or satisfaction of this Security Agreement.

4.4 Indemnity Expenses.

(a) Debtor agrees to indemnify and hold harmless the Secured Party and each of her agents and advisors (each an “Indemnified Party”) from and against any and all claims, losses and liabilities arising out of or in connection with or by reason of this Security Agreement or any of the transactions contemplated herein, except to the extent such claims, losses or liabilities resulting from such Indemnified Party's gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction.

(b) Debtor hereby agrees not to assert any claim against any Indemnified Party, on any theory of liability, for special, indirect, consequential or punitive damages arising out of or otherwise relating to this Security Agreement or the Note.

(c) Debtor will, upon demand, pay to each applicable Indemnified Party the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and agents, that such Indemnified Party may incur in connection with (i) the administration of this Security Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from or other realization upon, any of the Collateral of the Debtor, (iii) the exercise or enforcement of any of the rights of such Indemnified Party hereunder, or (iv) the failure by the Debtor to perform or observe any of the provisions hereof.

4.5 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Tennessee without regard to conflict of laws principles of Tennessee state law, except to the extent that the perfection, the effect of perfection or non-perfection, and the priority of the security interest or remedies hereunder in respect of any particular Collateral are governed by the laws of a jurisdiction other than the State of Tennessee.

4.6 FCC Matters.

(a) Notwithstanding anything contrary contained in this Security Agreement, or any of the documents executed pursuant hereto, (i) Secured Party shall not take any action pursuant to this Security Agreement, or any such documents, which would constitute or result in any assignment of any FCC License or any transfer of control of the holder of any FCC License if such assignment of such license or such transfer of control would require under then existing law (including the Communications Laws), the prior approval of the FCC, without first obtaining such approval; (ii) voting rights in any Collateral representing direct or indirect control of any FCC License shall remain with Debtor notwithstanding the existence of any Event of Default until all required consents of the FCC shall have been obtained; (iii) if the Secured Party exercises any remedies of foreclosure in respect to such Collateral following the occurrence of an Event of Default, there shall be either a private or public arm's-length sale of such Collateral; and (iv) prior to the exercise of voting rights by any purchaser at a public or private arm's-length sale of any Collateral representing direct or indirect control of any FCC License, the consent and approval of the FCC as required pursuant to 47 U.S.C. § 310(d) of the Communications Act of 1934 shall have first been obtained. In connection with this Section 4.6, Secured Party shall be entitled to rely in good faith upon an opinion of outside FCC counsel of Secured Party's reasonable choice with respect to such assignment or transfer, whether or not the advice rendered is ultimately determined to have been accurate.

(b) If an Event of Default exists, Debtor shall take any action which Secured Party may request in the exercise of its rights and remedies under this Agreement in order to transfer or assign the Collateral to Secured Party or to such one or more third parties as Secured Party may designate, or to a combination of the foregoing. To enforce the provisions of this Section 4.6, Secured Party is empowered to seek from the FCC and any other governmental authority, to the extent required, consent to or approval of any involuntary transfer of control of any entity whose Collateral is subject to this Security Agreement for the purpose of seeking a *bona fide* purchaser to whom control will ultimately be transferred. Debtor agrees to cooperate with any such purchaser and with Secured Party in the preparation, execution, and filing of any forms and providing any information that may be necessary or helpful in obtaining the FCC's consent to the assignment to such purchaser of the Collateral. Debtor hereby agrees to consent to any such involuntary transfer of control upon the request of Secured Party if an Event of Default exists and, without limiting any rights of Secured Party under this Agreement, to authorize Secured Party to nominate a trustee or receiver to assume control of the Collateral, subject only to required judicial, FCC or other consent required by any Governmental Authority, in order to effectuate the transactions contemplated in this Section 4.6. Such trustee or receiver shall have all the rights and powers as provided (i)

to it by law or court order or (ii) to Secured Party under this Security Agreement. Debtor shall cooperate fully in obtaining the consent of the FCC and the approval or consent of each other governmental authority required to effectuate the foregoing.

(c) Debtor shall use its best efforts to assist in obtaining the consent or approval of the FCC and any other governmental authority, if required, for any action or transactions contemplated by this Security Agreement, including, without limitation, the preparation, execution and filing with the FCC of any application or applications for consent to the transfer of control or assignment necessary or appropriate under the FCC's rules and regulations for approval of the transfer or assignment of any portion of the Collateral.

(d) Debtor hereby acknowledges and agrees that the Collateral is a unique asset and that a violation of Debtor's covenant to cooperate with respect to any regulatory consents would result in irreparable harm to Secured Party and Creditors for which monetary damages are not readily ascertainable. Debtor further agrees that, because of the unique nature of its undertakings in this Section 4.6, the same may be specifically enforced, and it hereby waives, and agrees to waive, any claim or defense that Secured Party would have an adequate remedy at law for the breach of such undertakings.

(e) Without limiting the obligations of Debtor hereunder in any respect, Debtor further agrees that if Debtor, at any time that an Event of Default exists, should fail or refuse for any reason whatsoever, to execute any application necessary or appropriate to obtain any governmental consent necessary or appropriate for the exercise of any right of Secured Party hereunder, such application may be executed on Debtor's behalf by the clerk of court or other representative of any court or other forum of competent jurisdiction without notice to Debtor pursuant to an order of such court or forum.

4.7 Waiver of Jury Trial. THE SECURED PARTY, BY ACCEPTANCE HEREOF, AND DEBTOR, BY EXECUTION HEREOF, HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS SECURITY AGREEMENT OR THE NOTE.

4.8 Assignment. Debtor shall not have the right to assign its rights or obligations hereunder or any interest herein without the prior written consent of the Secured Party.

4.9 Successors and Permitted Assigns. This Security Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, successors-in-title and permitted assigns, subject to the restrictions on transfer contained herein. As used herein, "Debtor" "and "Secured Party" shall be deemed to include their respective heirs, executors, legal representatives, successors, successors-in-title and permitted assigns, whether by voluntary action of the parties or by operation of law.

4.10 Notice. All notices, demands, requests or other communication required or permitted hereunder shall be in writing and sent by certified, express or registered mail, return receipt requested, postage prepaid, overnight air courier service, personal delivery, or via facsimile (with proof of transmission) to the address or facsimile number set forth under each party's name on the signature page hereof (or to such other address or facsimile number which a party shall specify to the other party in accordance herewith). Notice shall be deemed to have been given on the date of personal delivery, the date set forth in the records of the delivery service, the date set forth on the return receipt, or the date set forth on the facsimile proof of transmission, as applicable.

4.11 Severability. The unenforceability or invalidity of any provision of this Security Agreement shall not affect the enforceability or validity of any other provision herein.

4.12 Time of Essence. Time is of the essence to all terms and provisions set forth in this Security Agreement.

4.13 Interpretation. All headings used herein are used for convenience only and shall not be used to construe or interpret this Security Agreement.

[Signatures start on following page.]

IN WITNESS WHEREOF, the Parties have set their hands and seals as of the date first set forth above.

DEBTOR:

POSITIVE ALTERNATIVE RADIO, INC.

By: _____ (seal)

Name: _____

Title: _____

Address for Notices:

SECURED PARTY:

MARY CATHERINE SNEED

_____ (seal)

Address for Notices:

1075 Lake Winward Overlook

Alpharetta, GA 30005

SCHEDULE I

1. **Name.** The exact name of the Debtor as that name appears on its organizational documents is as follows:

2. **Other Identifying Factors.**
 - a. The following is the mailing address of the Debtor:

 - b. If different from the mailing address, the Debtor's principal place of business is located at the following address:

 - c. The following is the type of organization of the Debtor:

 - d. The state of organization of the Debtor is as follows:

 - e. The state-issued organizational identification number for the Debtor is as follows:

3. **Current Locations.**
 - a. The following are all other locations in which the Debtor maintains any books or records relating to any of the Collateral:

 - b. The following are all other locations where any of the Collateral consisting of Inventory or Equipment is located:

4. **Fixtures.** The following are all of the locations in which any of the Collateral consisting of fixtures is or is to be located:

SCHEDULE II

Intellectual Property

SCHEDULE III

Investments