

## ASSET PURCHASE AGREEMENT

**THIS AGREEMENT**, made and entered as of this \_\_\_\_ day of January, 2011 between **DIAMOND PEAK INVESTMENTS, LLC**, an Oregon limited liability company (hereinafter referred to as "*Seller*"), and **CATHOLIC BROADCASTING NORTHWEST, INC.**, a \_\_\_\_\_ corporation (hereinafter referred to as "*Buyer*").

### RECITALS:

**A.** Seller holds a Commission Authorizations for the following radio broadcast stations (the "*Station*") pursuant to certain authorizations issued by the Federal Communications Commission (the "*FCC*"):

KDPM(FM), Cottage Grove, Oregon (FCC Facility ID No. 66971) and K235BF, Eugene, OR (FCC Facility ID No. 152399); and

**B.** Seller desires to sell and/or assign, and Buyer desires to purchase and/or acquire said Commission Authorization, as hereinafter set forth; and

**C.** Said Commission Authorization, as hereafter defined, may not be assigned without the prior authorization of the FCC.

**NOW THEREFORE**, in consideration of the foregoing premises and the mutual representations, warranties and covenants herein contained, the Parties, intending to be legally bound, subject to the prior approval of the Commission and subject to the terms and conditions set forth herein, mutually agree as follows:

### SECTION 1

#### DEFINITIONS

1.1. *Definitions.* As used herein, unless otherwise defined, shall have the meaning or meanings assigned to them as described on **Exhibit 12**, hereto.

### SECTION 2

#### ASSETS TO BE SOLD

2.1. *Included Assets.* Subject to FCC approval and the terms and conditions described herein, Seller agrees to sell, assign, transfer, convey, set over, and deliver to Buyer on the Closing Date, and Buyer shall purchase and/or accept assignment of, the Station Assets.

2.2. *Excluded Assets.* Notwithstanding anything to the contrary contained herein, the Station Assets shall not include the Excluded Assets.

Execution Copy		Execution Copy
----------------	--	----------------

2.3. **Assumption of Liabilities.** The Station Assets shall be transferred to Buyer free and clear of Liens, *except* for Permitted Liens. Buyer does not assume and will not be deemed by execution and delivery of this Agreement or any agreement, instrument or document delivered pursuant to or in connection with this Agreement or otherwise by reason of the consummation of the transactions contemplated hereby, to have assumed, any liabilities, obligations or commitments of Seller of any kind, whether or not disclosed to Buyer.

### SECTION 3 PURCHASE PRICE

3.1. **Purchase Price.** The aggregate purchase price to be paid for the Station Assets shall be **SEVEN HUNDRED THOUSAND AND NO/100 U.S. DOLLARS** (\$700,000.00) (the “*Purchase Price*”). The Purchase Price shall be paid by Buyer as follows:

3.1.1. **Earnest Money Deposit.** Concurrently with the execution of this Agreement, Buyer has delivered to the Escrow Agent the sum of Fifty Thousand Dollars (\$50,000.00) to be held as an earnest money deposit (the “*Earnest Money Deposit*”), which shall be credited towards the Purchase Price at Closing, pursuant to an Escrow Agreement of even date herewith, a form of which is attached hereto as **Exhibit 13**.

3.1.2. **Balance.** On the Closing Date, the remaining balance of the Purchase Price, subject to the prorations and adjustments provided in Section 4.1 hereof.

3.2. **Allocation of Purchase Price.** Buyer and Seller agree to allocate the Purchase Price, plus any assumed liabilities that are liabilities for federal income tax purposes, in accordance with **Schedule 8**. To the extent applicable to Buyer as a non-profit entity, Seller and Buyer shall use such allocation for all purposes related to the valuation of the Assets, including, without limitation, in connection with any federal, state, county or local Tax returns filed after such allocation shall be agreed upon. Unless required to do so in accordance with a “determination” as defined in Section 1313(a) (1) of the Code, neither Seller nor Buyer shall take any position in any Tax return, Tax proceeding, Tax audit or otherwise that is inconsistent with such allocation.

### SECTION 4 PRORATIONS

4.1. **Adjustments.** Any Prorations relating to the Station Assets and arising from the business or operations of the Station shall be prorated between Buyer and Seller in accordance with generally accepted accounting principles as of 11:59 p.m. on the date immediately preceding the Closing Date. Any Prorations otherwise not agreed to as of Closing Date will be agreed on and adjusted by and between Buyer and Seller within sixty (60) days after the Closing Date.

Execution Copy		Execution Copy
----------------	--	----------------

**SECTION 5**  
**COMMISSION APPLICATION**

5.1. **Commission Consent.** Notwithstanding anything to the contrary, the assignment of the Commission Authorization to Buyer is subject to the prior FCC Consent. Following the execution of this Agreement, and within ten (10) days of the execution of this Agreement, Buyer and Seller shall file, or cause to be filed, with the Commission the FCC Application and other necessary instruments required to obtain such FCC Consent, and agree thereafter to prosecute said FCC Application with all reasonable diligence and otherwise to reasonably cooperate with each other and to use their commercially reasonable best efforts to obtain the requisite FCC Consent promptly and to carry out the provisions of this Agreement. Seller and Buyer hereby mutually agree to provide whatever additional information the Commission reasonably requests in processing said FCC Application, and that such information will be furnished within the time established by the Commission in its request or any reasonable and necessary extension thereof; *provided, however*, that neither party shall be required to petition for review or to file an appeal of any decision by the Commission or the Staff of the Commission denying the FCC Application.

5.1.1. **Delays and Prosecution.** If the Commission fails through no fault or default on the part of Buyer or Seller to give its consent to the assignment of the Commission Authorization for the Station from Seller to Buyer in sufficient time to permit Closing no later than the Effective Term, or if said FCC Application should be set for evidentiary hearing (other than a hearing at which only oral argument is to be presented) by the Commission for any reason, this Agreement may be terminated by either party at its option without further obligation or liability hereunder; *provided, however*, that the terminating party may not so terminate this Agreement if it is in material default under any provision of this Agreement, or if such Commission consent has been given in sufficient time prior to the delivery of written notice of termination to permit Closing on or before the expiration of the Effective Term.

5.1.2. **Application Expenses.** Buyer and Seller shall each be responsible for their own expenses incurred in the preparation, filing and prosecution of the Assignment Application before the Commission. Buyer and Seller shall equally share the reasonable and necessary costs of any FCC Application and publication fees due in connection with the filing of the FCC Application.

5.2. **Control of Station.** Between the date of this Agreement and the Closing Date, Buyer will not directly or indirectly control, supervise, or direct, or attempt to control, supervise, or direct the construction and/or operation of the Station, but such activities, if any, including complete control and supervision of all programs, employees and Station's policies, shall be the sole responsibility of Seller. During such period, Sel-

ler shall, in its discretion, take the Station off the air or operate and program the Station at its discretion.

**SECTION 6**  
**REPRESENTATIONS AND WARRANTIES OF THE SELLER**

6.1. *Preamble.* Seller hereby makes the representations and warranties set forth in this **Section 6**, which shall continue to and shall be deemed to have been made again at the Closing, and shall survive the Closing Date. The truth and accuracy of all such covenants, representations and warranties shall continue until the Closing Date as a condition precedent to the obligations of Buyer hereunder.

6.1.1. *Organization.* Seller is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and is qualified to do business in each jurisdiction in which the Station Assets are located. Seller has the requisite power and authority to execute and deliver this Agreement and the Seller Ancillary Agreements, pursuant hereto, to consummate the transactions contemplated hereby and thereby and to comply with the terms, conditions and provisions hereof and thereof.

6.1.2. *Authorization.* Seller's Authorization has been duly approved and authorized and does not require any further authorization or consent of Seller. This Agreement is, and each Seller Ancillary Agreement when executed and delivered by Seller and the other parties thereto will be, a legal, valid and binding agreement of Seller enforceable in accordance with its respective terms, except in each case as such enforceability may be limited by bankruptcy, moratorium, insolvency, reorganization or other similar laws affecting or limiting the enforcement of creditors' rights generally and except as such enforceability is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

6.1.3. *No Conflicts.* Neither the execution and delivery by Seller of this Agreement and the Seller Ancillary Agreements or the consummation by Seller of any of the transactions contemplated hereby or thereby, nor compliance by Seller with or fulfillment by Seller of the terms, conditions and provisions hereof or thereof will: (i) conflict with any law, judgment, order, or decree to which Seller is subject; or (ii) require the approval, consent, authorization or act of, or the making by Seller of any declaration, filing or registration with, any third party or any foreign, federal, state or local court, governmental or regulatory authority or body, except the Governmental Consents, and except for counter-party consent to assign those Station Contracts designated on **Schedule 3**.

6.1.4. *Commission Authorization.* Seller holds the Commission Authorizations described on **Exhibit 1**. Such Commission Authorizations constitute all of the authorizations required under the Act and/or the Rules and Regulations for the Station. The Commission Authorizations are in full force and effect and has not been revoked, sus-

pending, canceled, rescinded or terminated and have not expired. There is not pending or, to Seller's Best Knowledge, threatened any action by or before the FCC to revoke, suspend, cancel, rescind or Materially Adversely modify any of the Commission Authorizations (other than proceedings, of general applicability, to amend the Rules and Regulations), and there is not now issued or outstanding, by or before the FCC, any order to show cause, notice of violation, notice of apparent liability, or notice of forfeiture against Seller with respect to the Station. The Station is maintained and controlled in compliance in all Material respects with the Commission Authorizations, the Act, and the Rules and Regulations. Seller maintains a public file for the Station as required by the Rules and Regulations.

6.1.4.1. **Reports and Further Compliance.** As applicable, Seller and the Station Assets are in compliance in all Material respects with all rules and regulations of the Federal Aviation Administration applicable to the Station. All reports and filings required to be filed with, and all regulatory fees required to be paid to, the FCC by Seller with respect to the Station have been timely filed and/or paid. All such reports and filings are accurate and complete in all Material respects. Seller maintains a public file for the Station as required by the Rules and Regulations.

6.1.5. **Taxes.** Seller has, in respect of the Station's Business, filed all foreign, federal, state, county and local income, excise, property, sales, use, franchise and other tax returns and reports which are required to have been filed by it under applicable law and has paid all taxes which have become due pursuant to such returns or pursuant to any assessments which have become payable.

6.1.6. **Real Property.** **Schedule 2** contains a description of all Real Property owned or leased for use in the business, operation or maintenance of the Station.

6.1.7. **Contracts.** **Schedule 3** contains a list of all Station Contracts, including Real Property Leases, and represents all contracts that are material to the Station as it currently exists, unless expressly identified to the contrary, which are to be assumed by Buyer. Each of the Station Contracts (including without limitation each lease listed among the Real Property Leases) is in effect and is binding upon Seller and, to Seller's knowledge, the other parties thereto (subject to bankruptcy, insolvency, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights generally). Seller has performed its obligations under each of the Station Contracts in all Material respects, and is not in Material default thereunder, and to Seller's knowledge, no other party to any of the Station Contracts is in default thereunder in any Material respect. Except as set forth on **Schedule 3**, no Station Contracts (including Real Property Leases) are between Seller and Affiliates of Seller and no deposits have been made by Seller with respect to any Station Contracts. Except as indicated on Schedule 3, com-

Execution Copy		Execution Copy
----------------	--	----------------

plete and correct copies of each Station Contract (including each Real Property Lease), together with all amendments thereto, have been delivered to Buyer by Seller.

6.1.8. **Environmental.** To Seller's Best Knowledge, except for lubricants, cleaners or other consumer products that are maintained in limited quantities for routine maintenance purposes and do not require a hazardous materials license, no Hazardous Materials or waste regulated under any applicable environmental, health or safety law has been generated, stored, transported or released on, in, from or to the Real Property included in or among the Station Assets. Seller has complied in all Material respects with all Environmental Laws, and other health and safety laws and codes applicable to the Station (including without limitation the Real Property). Seller has not received in respect of the Station or Station Assets any notice or claim to the effect that it is or may be liable under any Environmental Laws or safety laws. To Seller's Best Knowledge, neither the Station nor any Station Assets are the subject of any investigation by any governmental authority with respect to a violation of any Environmental Laws or safety laws.

6.1.9. **Station Assets.** The Station Assets constitute all the assets reasonably necessary for the business or operation of the Station as now maintained or operated, without regard to current programming. Seller has good and marketable title to the Station Assets, free and clear of Liens, except for Permitted Encumbrances and those Liens listed on **Schedule 9**. At Closing, Seller will transfer to Buyer good and marketable title to the Station Assets, free and clear of Liens, except for Permitted Encumbrances. Seller maintains sufficient insurance policies with respect to the Station and the Station Assets and will maintain such policies in full force and effect until Closing.

6.1.10. **Compliance with Law; No Litigation.** Seller has complied in all Material respects with all laws, regulations, rules, writs, injunctions, ordinances, franchises, decrees or orders of any court or of any foreign, federal, state, municipal or other governmental authority which are applicable to the Station or the Station Assets. Except as disclosed on **Schedule 4**, there is no action, suit or proceeding pending or, to Seller's Best Knowledge, threatened against Seller and, to Seller's Best Knowledge, there are no claims or investigations, litigation pending or threatened, nor any judgment or decree outstanding or threatened against Seller in respect of the Station or the Station Assets, or which might adversely affect the Station Assets or Seller's power, authority or ability to enter into this Agreement and to carry out the transactions contemplated herein. Seller does not know or have reasonable grounds to know of any threats of any such claim, litigation, proceeding or investigation.

6.1.11. **No Finder.** Except for The Exline Company, whose brokerage fee shall be paid by Seller at Closing, there is no broker or finder or other person entitled to a commission or brokerage fee or payment in connection with this Agreement or the

Execution Copy		Execution Copy
----------------	--	----------------

transactions contemplated hereby as a result of any agreement or action by Seller or any party acting on Seller's behalf.

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

6.1.13. **Binding Agreement.** This Agreement has been duly executed and delivered by Seller and constitutes a valid and binding obligation of Seller enforceable against Seller in accordance with the terms of this Agreement, except as limited by laws affecting creditors' rights or equitable principles generally.

## SECTION 7

### WARRANTIES, REPRESENTATIONS AND COVENANTS OF BUYER

7.1. **Preamble.** Buyer hereby makes the representations and warranties set out in this **Section 7**, which representations and warranties shall continue to and shall be deemed to have been made again on the Closing Date, and shall survive the Closing Date:

7.1.1. **Organization.** Buyer is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and as of the Closing Date shall be qualified to do business in each jurisdiction in which the Station Assets are located. Buyer has the requisite power and authority to execute and deliver this Agreement and the Buyer Ancillary Agreements, pursuant hereto, to consummate the transactions contemplated hereby and thereby and to comply with the terms, conditions and provisions hereof and thereof.

7.1.2. **Authorization.** Buyer's Authorization has been duly approved and authorized and does not require any further authorization or consent of Buyer. This Agreement is, and each Buyer Ancillary Agreement when executed and delivered by Buyer and the other parties thereto will be, a legal, valid and binding agreement of Buyer enforceable in accordance with its respective terms, except in each case as such enforceability may be limited by bankruptcy, moratorium, insolvency, reorganization or other similar laws affecting or limiting the enforcement of creditors' rights generally and except as such enforceability is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

7.1.3. **No Conflicts.** Neither the execution and delivery by Buyer of this Agreement and the Buyer Ancillary Agreements or the consummation by Buyer of any of the transactions contemplated hereby or thereby, nor compliance by Buyer with or fulfill-

Execution Copy		Execution Copy
----------------	--	----------------

ment by Buyer of the terms, conditions and provisions hereof or thereof will: (i) conflict with any law, judgment, order, or decree to which Buyer is subject; or (ii) require the approval, consent, authorization or act of, or the making by Buyer of any declaration, filing or registration with, any third party or any foreign, federal, state or local court, governmental or regulatory authority or body, except the Governmental Consents, and except for counter-party consent to assign those Station Contracts designated on **Schedule 3**.

7.1.4. **Binding Agreement.** This Agreement has been duly executed and delivered by Buyer and constitutes a valid and binding obligation of Buyer enforceable against Buyer in accordance with the terms of this Agreement, except as limited by laws affecting creditors' rights or equitable principles generally.

7.1.5. **Financial Ability.** Buyer has the requisite financial resources to undertake and perform Buyer's obligations pursuant to this Agreement, including the payment of the Purchase Price and other closing expenses of Buyer contemplated by this Agreement.

## SECTION 8 CONDITIONS FOR CLOSING

8.1. **Conditions precedent to Obligations of Buyer.** The obligations of the Buyer under this Agreement are subject to the satisfaction of each of the following express conditions precedent (provided that Buyer may, at its election, waive any of such conditions on the Closing Date, notwithstanding that such condition is not fulfilled on the Closing Date):

8.1.1. **FCC Consent.** The FCC Consent shall have been granted and public notice thereof shall have been publicly released by the FCC.

8.1.2. **Seller's Effective Representations.** Each of the Seller's representations and warranties contained in this Agreement or in any exhibit, certificate or document delivered pursuant to the provisions hereof, shall be true and correct in all material respects at and as of the Closing Date with the same force and effect as if each such representation or warranty were made at and as of such time.

8.1.3. **Valid Authorizations.** Seller shall be the holder of the Commission Authorization and said Commission Authorization shall be valid and in good standing with the FCC. Seller shall have taken all the necessary corporate action to authorize and to consummate this transaction.

8.1.4. **No Liens.** Except for Permitted Liens, there shall be no material outstanding Liens or other charges or encumbrances on the Assets.



8.2. **Conditions Precedent to Obligations of Seller.** The performance of the obligations of the Seller under this Agreement is subject to the satisfaction of each of the following express conditions precedent (provided that Seller may, at its election, waive any of such conditions at Closing, notwithstanding that such condition is not fulfilled on the Closing Date, and Seller's acceptance of the Purchase Price shall be deemed a waiver of any condition precedent not otherwise satisfied).

8.2.1. **FCC Consent.** The FCC Consent shall have been granted and public notice thereof shall have been publicly released by the FCC.

8.2.2. **Buyer's Effective Representations.** Each of Buyer's representations and warranties contained in this Agreement or in any certificate or document delivered pursuant to the provisions hereof, shall be true in all material respects at and as of the Closing Date as though each such representations or warranty was made at and as of such time.

8.2.3. **Valid Authorization.** Buyer shall have taken all the necessary "corporate" action to authorize and to consummate this transaction.

8.2.4. **Buyer's Action.** Buyer shall deliver, and/or cause to be delivered, to Seller on the Closing Date the balance of the Purchase Price required to be paid and delivered by Buyer pursuant to **Section 3.1.2** hereof.

## SECTION 9 PERFORMANCE AT CLOSING

9.1. **Seller's Performance.** As further conditions to Buyer's obligation to close hereunder, at the Closing the Seller shall:

9.1.1. **Commission Authorization Assignments.** Deliver to Buyer, in a form and substance reasonably acceptable to counsel for Buyer, assignments of the Commission Authorization set forth in **Exhibit 1**, hereto, transferring the same to Buyer in customary form and substance.

9.1.2. **Bill of Sale.** Deliver to Buyer bills of sale in a form and substance reasonably acceptable to counsel for Seller and Buyer.

9.1.3. **Transfer Instruments.** Deliver to Buyer such other assignments and further instruments of transfer as Buyer may reasonably require to effectuate the assignment to it of those contracts, leases and agreements to be assumed by Buyer pursuant to this Agreement, as well as deeds, documents of title and other instruments of conveyance, assignment and transfer as reasonably may be necessary to convey, transfer and assign the other Station Assets to Buyer, free and clear of Liens, except for Permitted Liens.

Execution Copy		Execution Copy
----------------	--	----------------

9.1.4. **Bring-down Certificate.** At Closing, Seller shall deliver to Buyer a certificate affirming the representations and warranties contained in **Section 6.1** and its subparts.

9.2. **Buyer's Performance.** As a further condition to Seller's obligation to close hereunder, at the Closing Buyer shall:

9.2.1. **Purchase Price.** Deliver to Seller, in accordance with the provisions of this Agreement, the balance of the Purchase Price.

9.2.2. **Assumption Agreement.** Deliver to Seller an assumption agreement in a form reasonably satisfactory to Seller assuming those liabilities and obligations which Buyer shall assume as set forth in **Schedule 3** hereto or as otherwise set forth in this Agreement.

9.2.4. **Bring-down Certificate.** At Closing, Buyer shall deliver to Seller a certificate affirming the representations and warranties contained in **Section 7.1** and its subparts.

**SECTION 10**  
**INDEMNIFICATIONS**

10.1. **Seller's Indemnities.** Seller shall indemnify, defend and hold harmless Buyer from and against any and all loss, cost, liability, damage and/or expense (including legal and other expenses incident thereto) of every kind, nature or description, up to an aggregate and total maximum amount not to exceed the Purchase Price, arising out of (a) the breach of any representation or warranty of Seller set forth in this Agreement and the Ancillary Agreements; (b) the breach of any of Seller's covenants or other agreements contained in or arising out of this Agreement or the transactions contemplated hereby; and (c) the operations or business of Seller on or after the Closing Date, regardless of whether disclosed in any schedule or document and regardless of whether constituting a breach by Seller of any representation, warranty, covenant or agreement, and any other liability or obligation of Seller.

10.2. **Buyer's Indemnities.** Buyer shall indemnify, defend and hold harmless Seller and its Affiliates from and against any and all loss, cost, liability, damage and/or expense (including legal and other expenses incident thereto) of every kind, nature or description, up to an aggregate and total maximum amount not to exceed the Purchase Price, arising out of (a) the breach of any representation or warranty of Buyer set forth in this Agreement and the Ancillary Agreements, (b) the breach of any of its covenants or other agreements contained in or arising out of this Agreement or the transactions contemplated hereby, and (c) the operations or business of Buyer or the Station and Station Assets on or after the Closing Date, regardless of whether disclosed in any schedule

Execution Copy		Execution Copy
----------------	--	----------------

or document and regardless of whether constituting a breach by Buyer of any representation, warranty, covenant or agreement, and any other liability or obligation of Buyer.

10.3. **Notice of Claim.** Buyer or Seller, upon discovery of (i) the breach of any of the representations, warranties or covenants of the other party, or (ii) claims which are subject to indemnification under this Agreement, shall give to the other prompt written notice of the discovery of such breach or claim. If any action, suit, or proceeding shall be commenced against, or any claim or demand be asserted against, Buyer or Seller or other person entitled to indemnification hereunder, as the case may be, in respect of which such Claimant proposes to seek indemnification from a party under this **Section 10**, then such Claimant shall notify the Indemnitor to that effect in writing with reasonable promptness; *provided* that the Claimant's failure to do so shall not preclude it from seeking indemnification hereunder unless such failure has materially prejudiced the Indemnitor's ability to defend such Claim.

10.4. **Right to Defend.** Should any claim or liability be asserted by a third party against a Claimant which would give rise to a claim for indemnification under the provisions of this **Section 10** by a party to this Agreement, then the Claimant shall promptly notify, in writing, the Indemnitor, and the Indemnitor shall be entitled, at its own expense, and upon written notice to the Claimant, to compromise or defend such claim, including, without limitation, the employment of counsel reasonably satisfactory to Claimant and the payment of all expenses. Claimant shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of Claimant unless (i) Indemnitor agrees to pay such fees and expenses or has failed promptly to assume the defense of such action or proceeding and employ counsel reasonably satisfactory to Indemnitor in any such action or proceeding, or (ii) the named parties to any such action or proceeding include both Indemnitor and Claimant and Claimant has been advised by counsel that there is a conflict of interest between the parties' positions such that separate representation is required, in which case the costs and expenses of such separate counsel will be covered by Indemnitor. The Claimant may not settle any claim without the consent of the Indemnitor, except upon terms and conditions offered or consented to by the Indemnitor.

10.5. **Indemnification Basket; Limitations.** No indemnification shall be required under either **Section 10.1** or **Section 10.2**, (i) unless and until the aggregate amount of all claims for indemnification under such section exceeds **FIVE THOUSAND AND NO/100 U.S. DOLLARS** (\$5,000.00) in the aggregate, whereupon the party seeking indemnification shall be entitled to recover the full amount of all claims (subject to the dollar limitations and other limitations set forth above), and (ii) with respect to a breach of a representation, warranty or covenant hereunder unless a notice with respect to such claim for indemnification is provided within (1) one year from the Closing Date.

## SECTION 11

### APPLICATION PROSECUTION; REMEDIES; TERMINATION; BROADCAST FAILURE

11.1. **Application Prosecution.** In the event that either party fails to exercise good faith and fails through its fault to supply to the Commission a substantially complete and acceptable FCC Application, as such portion thereof applies to each respectively, within the time limit hereinafter set forth, or either party fails to exercise good faith and fails through its own fault to supply appropriate amendments pertaining to the FCC Application within twenty-five (25) days (or such longer period as shall be fixed by the Commission for response) of the date upon which such data is requested, either orally or in writing, by Commission personnel, or if either party, after the Commission grant of the FCC Application fails through its own fault or refuses in bad faith to close as herein provided, such fault or failure will be considered to be a willful and material breach of this Agreement.

11.2. **Remedies on Breach.** The Parties acknowledge that the Station is of a special, unique and extraordinary character and that damages are inadequate to compensate for any breach of this Agreement. Accordingly, in the event of a breach by Seller of its representations, warranties, covenants, conditions precedent or obligations under this Agreement, and subject to obtaining any requisite approval of the FCC, Buyer shall have the right to pursue his remedies at law or equity. In the event of a breach by Buyer of its representations, warranties, covenants, conditions precedent or obligations under this Agreement and the Ancillary Agreements, Seller shall have the right to pursue his remedies at law or equity. The foregoing remedies shall be available only to a party that is not in material breach of this Agreement at the time any such remedy is asserted by it, and upon written notice to the other party. The prevailing party shall be entitled to recover its reasonable legal expenses, including attorneys' fees (at trial and on appeal) from the losing party. Buyer shall have the right specifically to enforce the performance of the Seller under this Agreement without the necessity of posting any bond or other security, and the Seller hereby waives the defense in any such suit that Buyer has an adequate remedy at law and Seller agrees not to interpose any opposition, legal or otherwise, as to the propriety of specific performance as a remedy.

11.2.1. **Opportunity to Cure.** If Seller or Buyer believes the other to be in default hereunder, the party believing a default has occurred shall provide the other with written notice specifying in reasonable detail the nature of such default. If the default has not been cured by the earlier of: (i) the Closing Date, or (ii) within ten (10) Business Days after delivery of that notice, then, subject to the provisions of this Agreement, the party giving such notice may terminate this Agreement and/or exercise the remedies available to such party pursuant to this Agreement.

11.3. **Termination.** This Agreement may be terminated, by written notice given by either party to the other party hereto, at any time prior to the Closing Date as follows

(provided that no party may terminate this Agreement if such Party's breach of its obligations hereunder is the cause of the circumstances upon which such termination is based):

11.3.1. **Written Consent.** By mutual written consent of the Parties;

11.3.2. **Order or Decree.** By either party, if a court of competent jurisdiction or governmental, regulatory or administrative agency or commission having jurisdiction over the Parties and the Agreement shall have issued a valid order, decree or ruling or taken any other valid action, in each case permanently restraining, enjoining or otherwise prohibiting the transaction contemplated by this Agreement and such valid order, decree, ruling or other action shall have become final and nonappealable or any governmental or other third party consent approval, regulatory requirement or decree necessary for the consummation of the transaction has not been or cannot be obtained during the Effective Term;

11.3.3. **Breach by Seller.** By Buyer if Seller fails to materially perform, or materially breaches, any of its obligations, representations, warranties or duties under this Agreement and Seller has not reasonably cured such failure to materially perform, or such material breach, in accordance with **Section 11.2.1**, above;

11.3.4. **Breach by Buyer.** By Seller if Buyer fails to materially perform, or materially breaches, any of its obligations, representations, warranties or duties under this Agreement and Buyer has not reasonably cured such failure to materially perform, or such material breach, in accordance with **Section 11.2.1**, above;

11.3.5. **FCC Denial.** By either party, if the FCC denies the FCC Application and such denial becomes final and nonappealable;

11.3.6. **Lapse of Time.** By either party, if the Closing has not occurred within the Effective Term (provided, however, that the FCC Consent has not been issued) unless such period is extended or postponed by either of the Parties as provided in this Agreement; or

11.3.8. **Failure to Consummate.** By either party, if the consummation of this Agreement does not occur within the Effective Term, unless the Effective Term is extended by mutual agreement of Buyer and Seller.

11.4. **Non Exclusive Termination Rights.** The termination rights provided in **Section 11.3**, and its subparts, are in addition to, and do not preclude, any other termination rights of the Parties provided in this Agreement.

**SECTION 12**  
**MISCELLANEOUS GOVERNING PROVISIONS**

12.1. *Governing Provisions.* Additional provisions that shall govern the operation and interpretation of this Agreement are set forth on **Exhibit 10**, and hereby are incorporated as if fully set forth herein.

12.2. *Listing of Exhibits and Schedules.*


DOCUMENT	IDENTIFICATION
Exhibit 1	Listing of Commission Authorization(s) and other local, state and federal permits, authorizations and licenses
Schedule 2	Listing of Real Property
Schedule 3	Contracts, Agreements, Leases (including Real Property Leases)
Schedule 4	Schedule of encumbrances and conflicts
Schedule 5	Excluded Property
Schedule 6	Liabilities Not Assumed
Exhibit 7	Purchase Price Enumeration
Schedule 8	Purchase Price Allocation Schedule
Schedule 9	Permitted Liens
Exhibit 10	Miscellaneous Governing Provisions
Exhibit 11	Notice
Exhibit 12	Definitions
Exhibit 13	Escrow Agreement

[ THIS SPACE INTENTIONALLY LEFT BLANK – SIGNATURE PAGE IS NEXT ]

[ SIGNATURE PAGE TO KDPM ASSET PURCHASE AGREEMENT ]

**IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement to be signed and executed by their proper thereunto duly authorized as of the day and year above written.

**SELLER: DIAMOND PEAK INVESTMENTS, LLC**

By:   
Name: Steve Master  
Title: Managing Member

**BUYER: CATHOLIC BROADCASTING  
NORTHWEST, INC.**

By: \_\_\_\_\_  
Name:  
Title:

Execution Copy		Execution Copy
----------------	--	----------------

[ SIGNATURE PAGE TO KDPM ASSET PURCHASE AGREEMENT ]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be signed and executed by their proper thereunto duly authorized as of the day and year above written.

SELLER: **DIAMOND PEAK INVESTMENTS, LLC**

By: \_\_\_\_\_  
Name: Steve Master  
Title: Managing Member

BUYER: **CATHOLIC BROADCASTING  
NORTHWEST, INC.**

By: \_\_\_\_\_  
Name: Anthony R. Galati  
Title: Executive Director



<b>Execution Copy</b>		<b>Execution Copy</b>
-----------------------	--	-----------------------

**EXHIBIT 1**

**COMMISSION AUTHORIZATION(S) AND  
OTHER PERMITS, AUTHORIZATIONS, LICENSES**

CALL SIGN	COMMUNITY OF LICENSE	FACILITY ID No.	FCC FILE No.	STATUS	EXPIRATION DATE
KDPM	Cottage Grove, OR	66971	BLH-20051122ACE	License	2/1/2014
K235BF	Eugene, OR	152399	BLFT-20060518ACQ	License	2/1/2014

Execution Copy		Execution Copy
----------------	--	----------------

## EXHIBIT 7

### PURCHASE PRICE ENUMERATION

1. **Aggregate Purchase Price** = **SEVEN HUNDRED THOUSAND AND NO/100 U.S. DOLLARS** (\$700,000.00), to be allocated and paid, subject to adjustments, as follows:

2. **Earnest Money Deposit.** Concurrently with the execution of this Agreement, Buyer has delivered to the Escrow Agent the sum of Fifty Thousand Dollars (\$50,000.00) to be held as an earnest money deposit, to be credited towards the Purchase Price at Closing.

3. **Balance.** On the Closing Date, Buyer shall cause the delivery and payment to Seller the balance of the Purchase Price in Immediately Available Funds.

## EXHIBIT 10

## MISCELLANEOUS GOVERNING PROVISIONS

1. **Announcements/Press Releases.** All announcements and press releases concerning this Agreement and the transactions contemplated herein shall be mutually agreed to by Buyer and Seller prior to their release. Buyer and Seller agree that, except as and to the extent that such is required by law or by the Rules and Regulations, there shall be no public announcement or press release issued concerning this Agreement and the transactions contemplated herein until the FCC Application is accepted for filing by the FCC.

2. **Broker.** Except for The Exline Company, whose brokerage fee shall be paid by Seller at Closing, Buyer and Seller warrant that no other broker is involved regarding this transaction, and each agrees to hold the other harmless as against any claim of any broker arising out of or as a consequence of the respective actions of Buyer and Seller.

3. **Confidentiality.** Subject to the requirements of applicable law, Buyer and Seller shall each keep confidential all information obtained by them with respect to the other party hereto in connection with this Agreement and the negotiations preceding this Agreement, and will use such information solely in connection with the transactions contemplated by this Agreement, and if the transactions contemplated hereby are not consummated for any reason, each shall return to each other party hereto, without retaining a copy thereof, any schedules, documents or other written information obtained from such other party in connection with this Agreement and the transactions contemplated hereby. Notwithstanding the foregoing, no party shall be required to keep confidential which is: (i) known or available through other lawful sources, not bound by a confidentiality agreement with the disclosing party; (ii) or becomes publicly known through no fault of the receiving party or its agents; (iii) required to be disclosed pursuant to an order or request of a judicial or governmental authority (provided the party other than the disclosing party is given reasonable prior notice of the order or request and the purpose of the disclosure); (iv) developed by the receiving party independently of the disclosure by the disclosing party, (v) disclosed in connection with the enforcement of the rights and remedies of such party hereunder, or (vi) disclosed to its Affiliates, agents, auditors and consultants.

4. **Counterparts.** This Agreement may be executed in counterparts, all of which together shall comprise one and the same instrument.

5. **Entire Agreement.** This Agreement and the documents relating to the transactions contemplated herewith set forth the entire agreement of the Parties and is in-

tended to supersede all prior negotiations, understandings, and agreements and cannot be altered, amended, changed or modified in any respect unless such alteration, amendment, change or modification shall have been agreed to by each of the Parties hereto and reduced to writing in its entirety and signed and delivered by each party.

6. **Explication.** Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular and to the singular include the plural, references to any gender include any other gender, the part includes the whole, the term "including" is not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or." The words "hereof," "herein," "hereby," "hereunder," and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. Article, section, subsection, clause, schedule and schedule references are to this Agreement, unless otherwise specified. Any reference in or to this Agreement or any of the Ancillary Agreements includes any and all permitted alterations, amendments, changes, extensions, modifications, renewals, or supplements thereto or thereof, as applicable.

7. **Good Faith.** All Parties hereto shall act in good faith performing and discharging their respective duties and obligations hereunder. Further, each of the Parties, upon the reasonable request of the other, will take such other action and execute and deliver such further instruments of assignments, conveyance and transfer as may be reasonably necessary to assure, complete and evidence the full and effective transfer and conveyance of the Assets pursuant to this Agreement.

8. **Governing Law.** The Parties agree that this Agreement will be interpreted, construed, and enforced under and according to the laws of the State of Oregon.

9. **Headings.** The headings of the Sections of this Agreement are for convenience of references only, and do not form a part thereof, and do not in any way modify, interpret or affect the terms of this Agreement.

10. **No Assignment.** Neither Buyer nor Seller may assign its rights, duties or obligations hereunder without the prior written consent of the other party. Nothing in this Agreement, express or implied, is intended to or shall confer on any person other than the Parties hereto and their respective successors and assigns, any right, remedies, obligations or liabilities under or by reason of this Agreement. Seller shall be a third party beneficiary to this Agreement.

11. **Non-Disclosure of Proprietary Information.** Except with the written permission of the other party, which shall not be unreasonably withheld or delayed, Buyer and Seller, and their respective officers, directors, owners, and Affiliates, jointly and severally, agree that for the term of one (1) year from the Closing Date, they shall not, directly or indirectly, disclose or divulge to any unauthorized person or entity or in any way whatsoever use for their commercial advantage, or to the other party's commercial disadvantage, any Proprietary Information. Neither party, or their respective officers, directors, owners and Affiliates shall be deemed to have violated this confidentiality covenant should a disclosure be made as required by, but only to the extent such disclosure is (i) required by, the valid and legal order of any court or governmental authority or agency and provided that the disclosing party shall have given prior notice to the other party of any such order, (ii) required in connection with audits and inspections of the books of such party or in connection with enforcement of rights and remedies hereunder, (iii) to its Affiliates, agents, auditors and consultants. The provisions of this Section shall be specifically enforceable against either party in a court of law, and such enforcement shall not bar the pursuit of other remedies.

12. **Notice.** Any notice required hereunder shall be in writing, including by facsimile, and any payment, notice or other communications shall be delivered personally, or mailed by certified mail, postage prepaid, with return receipt requested, or delivered to FedEx (Federal Express), or any other nationally recognized overnight delivery service for next morning delivery or when dispatched by facsimile transmission (with the facsimile transmission confirmation being deemed conclusive evidence of such dispatch), or by electronic mail with such notice attached in Portable Document Format (PDF) and sent with requests for delivery and read receipts, the return of such receipts being deemed conclusive evidence of such dispatch, in each case addressed to the persons, Parties or entities identified on **Exhibit 11**, hereto.

12.1. **Alternate Addressees.** Notice, as provided by this Section, may be given to any other person or party, as any party hereto may in the future designate in writing, upon due notice to the other party(ies).

12.2. **Date of Notice, Action.** The receipt for deposit with the U.S. Mail or courier service specified herein shall establish the date of such notification or communication. If any notification, communication or action is required or permitted to be given or taken within a certain period of time and the last date for doing so falls on a Saturday, Sunday, a federal legal holiday or legal holiday by law in the State of Oregon, the last day for such notification, communication or action shall be extended to the first date thereafter which is not a Saturday, Sunday or such legal holiday.

13. **No Waiver.** No provision, condition or covenant of this Agreement shall be waived by either party hereto except by a written instrument delivered to the other party

and signed by the party consenting to and to be charged with such waiver. Any provision, condition or covenant which may be waived only with the mutual consent of both Buyer and Seller shall be evidenced by a written instrument signed by both parties.

14. **Schedules and Exhibits.** All schedules, exhibits and riders attached to this Agreement shall be deemed part of this Agreement and incorporated herein, where applicable, as if set forth in full herein.

15. **Section 73.1150 Statement.** Both the Seller and Buyer agree that following Closing, Seller will have retained no rights of reversion of the Commission Authorization for the Station, no right to the reassignment of the Commission Authorization for the Station in the future, and has not reserved the right to use the facilities of the Station in the future for any reason whatsoever.

16. **Severability.** In the event that any of the provisions contained in this Agreement is held to be invalid, illegal or unenforceable shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provisions had not been contained herein.

17. **Time.** Time shall be of the essence in this Agreement.

**EXHIBIT 11**

**NOTICE**

Notice to be provided under this Agreement shall be made to the following persons and addresses:

If to Seller: **DIAMOND PEAK INVESTMENTS, LLC**  
 Attn: Steve Master  
 c/o Master Capital Management  
 835 East Park St  
 Eugene Or 97401  
 Tel: 541-743-8111  
 E-mail: steve@masterequity.net

If to Buyer: **CATHOLIC BROADCASTING NORTHWEST, INC.**  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 E-mail:

With a copy to:\* Dawn M. Sciarrino, Esq.  
 Sciarrino & Shubert PLLC  
 5425 Tree Line Drive  
 Centreville, VA 20120-1676  
 Tel: 703-350-9658  
 Fax: 703-991-7120  
 E-mail:dawn@sciarrinolaw.com

With a copy to:\* J. Dominic Monahan  
 Luvaas Cobb  
 777 High Street, Suite 300  
 Eugene, OR 97401-2787  
 Tel: 541-484-9292  
 Fax: 541-343-1206  
 E-mail: dmonahan@luvaascobb.com

\*which shall not constitute notice.

## EXHIBIT 12 – DEFINITIONS

The capitalized terms in this Agreement, unless otherwise defined, shall have the following meaning(s).

1. “*Act*” or “*the Act*” shall mean and refer to the Communications Act of 1934, as amended.

2. “*Affiliate*” or “*Affiliates*” means any entity or person, directly or indirectly, owning or controlling, or that is owned or controlled by, or under common ownership or control (in whole or in part) with Buyer, Seller or Seller.

3. “*Ancillary Agreements*” shall mean and include this Agreement, as well as any other written agreements between Buyer and/or Seller or Seller relating to the Station that taken together constitute and comprise the entire understanding between and among the Parties.

3.1. “*Buyer Ancillary Agreements*” means other written agreements or instruments relating to this Agreement that constitute and comprise the entire understanding between and among the parties, that are to be executed and delivered by Buyer pursuant hereto.

3.2. “*Seller Ancillary Agreements*” means other written agreements or instruments relating to this Agreement that constitute and comprise the entire understanding between and among the parties, that are to be executed and delivered by Seller pursuant hereto.

4. “*Assets*” means all the Station Assets to be sold by Seller to Buyer as identified on **Exhibit 1**, and **Schedules 2** through **3**, hereto.

5. “*Assignment Application*” means the FCC Application requesting the FCC’s written consent to the assignment of the Commission Authorization from Seller to Buyer.

6. “*Best Knowledge*” e.g. “to the Best of Seller’s Knowledge,” means that the Party professing Best Knowledge has conducted a diligent inquiry among and between employees, principals and agents, and conducted a general review of its own files and records, and the files and records of its agents pertaining to that party and relating to the subject matter to which Best Knowledge is asserted.

7. “*Business Day*” means any calendar day, excluding Saturdays and Sundays, on which federally chartered banks in the city of Eugene, Oregon, are regularly open for business.

8. “*Buyer*” means **CATHOLIC BROADCASTING NORTHWEST, INC.**

9. “*Buyer’s Authorization*” means Buyer’s due, full and requisite approval and authorization, fully in accordance with Buyer’s organizational and/or governing documents, of the execution, delivery and full performance of this Agreement by Buyer.

10. “*Claimant*.” Whether the Seller or Buyer, or third-party entitled to indemnification under this Agreement, the term “*Claimant*” shall mean the Party to this Agreement against which any claim or liability may be asserted by a third party which would give rise to a claim for indemnification under the provisions of this Agreement by a Party to this Agreement.

11. “*Closing*” means the performance of all acts, fulfillment of all conditions, and execution of all documents and instruments, including but not limited to the documents referred to in this Agreement as may be necessary to effectively transfer the Assets from Seller to Buyer and to consummate all other transactions hereby contemplated and herein agreed to, on the Closing Date.

12. “*Closing Date*” means the date of closing this transaction, which shall occur no more than sixty days after the date that the FCC Consent becomes a Final Order, so long as all the conditions precedent to close have occurred.

13. “*Closing Documents*” means any agreements, assignments, authorizations, certificates, or other instruments delivered at Closing by Buyer and/or Seller pursuant to, or in connection with, this Agreement.

14. “*Closing Place*” means the offices of Seller’s attorney, Eugene, Oregon, or alternatively, such reasonable location as may be specified by Buyer, or such other place as shall be mutually agreed upon in writing by Seller and Buyer. At the election of Buyer and Seller, mutually agreed in writing, the Closing may be performed by mail, and/or electronically (*i.e.*, via e-mail and/or telephonic facsimile) and/or courier service.

15. “*Commission*” means the Federal Communications Commission.

16. “*Commission Authorization(s)*” means all licenses, permits and authorizations issued or granted by the Commission for the operation of, or used in connection with the operation of the Station, which are listed on **Exhibit 1**, attached hereto, and made a part of, together with any addition or modified authorizations issued between the date hereof and the Closing Date, and any applications to the Commission pertaining to the Station submitted prior to the Closing Date.

17. “*Effective Term*” means a period of time ending on December 1, 2010.

18. “*Environmental Laws*” means the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9801 *et seq.*, the Resource Conservation and Recovery Act, as amended, 42

U.S.C. Section 6901 *et seq.*, the Clean Water Act, 22 U.S.C. Section 1251 *et seq.*, the Toxic Substances Control Act, 15 U.S.C. 2601 *et seq.*, and any other applicable federal, state, and local laws, statutes, rules or regulations concerning the treating, producing, handling, storing, releasing, spilling, leaking, pumping, pouring, emitting or dumping of Hazardous Materials (hereinafter defined), or any other applicable federal, state, or local health laws or codes.

19. **Escrow Agent** means WashingtonFirst Bank, a bank chartered under the laws of the Commonwealth of Virginia, located in Washington, D.C.

20. **Excluded Assets** means certain assets of Seller that are not being sold, assigned, transferred, conveyed or delivered to Buyer, but are being retained by Seller, including but not limited to:

20.1. **Cash.** The Station Assets do not include Seller's cash, cash equivalents, bank accounts, or prepaid deposits, certificates of deposit, Treasury Bills, stocks, bonds or similar investments in existence on the Closing Date;

20.2. **Consumed Property.** All Tangible Personal Property disposed of or consumed in the ordinary course of business between the date of this Agreement and the Closing Date;

20.3. **Employee Benefit Plans.** All employee benefit plans and assets thereof;

20.4. **Expired Contracts.** All contracts that are terminated in accordance with the terms and provisions of this Agreement or have expired prior to the Closing Date in the ordinary course of business;

20.5. **Loans.** All loans and loan agreements;

20.6. **Seller's Causes of Action.** Seller's rights, claims or causes of action against third parties related to the assets, properties, or Station's Business which may arise in connection with the discharge by Seller of the liabilities and obligations of the Station which are not expressly assumed by Buyer hereunder;

20.7. **Seller's Records.** Any "corporate" minutes, seals, records, stock books or books of account of Seller, it being understood that said books of account shall be available to Buyer for inspection and duplication at Buyer's expense during normal business hours;

20.8. **Seller's Personal Effects.** The real or personal property that belongs to or is held in the name of the Seller individually; or

20.9. **Scheduled Exclusion.** Assets that are listed in **Schedule 6**, hereto.

21. **"Exhibits"** means the documents referred to in this Agreement, and attached hereto.

22. **"FCC"** means the Federal Communications Commission.

23. **"FCC Application"** means that (those) certain application(s) (FCC Form(s) 314) submitted to the FCC upon and by which Buyer and Seller seek consent of the FCC to the assignment of the Commission Authorizations for the Station from Seller to Buyer.

24. **"FCC Consent"** means the prior written consent and approval of the Commission to the FCC Application.

25. **"Final Order"** shall mean that action 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, as 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.

26. **"Governmental Consent(s)"** shall mean and include the FCC Consent, as well as any other necessary or applicable prior approval(s) by the Federal Aviation Administration or any state or local governmental authority that may have jurisdiction of this transaction and that requires prior approval of the sale of the Station Assets before the transaction may be consummated or otherwise completed.

27. **"Hazardous Materials"** means toxic materials, hazardous wastes, hazardous substances, pollutants or contaminants, asbestos or asbestos-related products, PCB's, petroleum, crude oil or any fraction or distillate thereof (as such terms are defined in any applicable federal, state or local laws, ordinances, rules and regulations, and including any other terms which are or may be used in any applicable environmental laws to define prohibited or regulated substances).

28. **"Immediately Available Funds"** means cash, a certified bank cashier's check, or funds immediately available by wire transfer, all in, or payable in, the valid currency and legal tender of the United States.

29. **"Indemnitor"** shall mean the Party to this Agreement (not the Claimant) that, in the event of a claim or liability asserted against the Claimant which would give rise to a claim for indemnification under the provisions of this Agreement, is the party from whom indemnification is sought.

30. **"Intangible Property" or "Intangibles"** mean all of Seller's rights in and to the Station's call letters and Seller's rights in and to the trademarks, trade names, service marks, franchises, copyrights, computer software, programs and programming material, jingles, slogans, logos, and other intangible property which are used in the operation of the Station.

31. **"Lien(s)"** means liens, pledges, claims, charges, mortgages, other security interests or other encumbrances, except the Permitted Liens, upon or involving the Assets.

32. “**Material Adverse**” or “**Materially Adverse**,” “**Materially Adversely**” or “**Material**” shall mean or refer to any event or occurrence that necessitates, calls for, requires or otherwise causes (i) the expenditure of an aggregate of **FIVE THOUSAND AND NO/100 DOLLARS** (\$5,000.00) or more to meet, satisfy or cure an obligation, liability, debt, claim, fine or forfeiture involving the Station Assets, or (ii) a restriction, imposition upon, or cessation of the operating authority or Licenses of the Station.

33. “**Parties**” shall mean and refer to Buyer and/or Seller and/or Seller.

34. “**Permitted Liens**” means the following Liens: (a) Liens existing on the Closing Date to remain on the Station Assets after the Closing as listed on **Schedule 9**; (b) Liens for taxes, assessments or other governmental charges or levies not yet due; (c) carrier's, warehouseman's, mechanic's, materialmen's and other like Liens arising in the ordinary course of business and statutory landlord's liens; and (d) Liens created by or through Buyer.

35. “**Proprietary Information**” means, but shall not be limited to, any data (including financial data), lists of actual or potential customers or suppliers, business, marketing, sales, pricing or advertising plans, policies, practices or information, directly or indirectly relating to the Station, Buyer or Seller, or Buyer's or Seller's respective officers, directors, owners and Affiliates, which is not generally known to the public through legitimate origins.

36. “**Purchase Price**” shall have the meaning ascribed to it in **Exhibit 7**.

37. “**Real Property**” means all real property and interests in real property used in the operation of the Station and all Seller's appurtenant easements and improvements located thereon, including the owned and leased real property described on **Schedule 2**, attached hereto.

38. “**Real Property Leases**” means any and all licenses or leases or similar agreements under which Seller is lessee or licensee of, or holds, uses or operates any Real Property respecting or pertaining to the Station.

39. “**Rules and Regulations**” shall mean the rules of the FCC as set forth in Volume 47 of the Code of Federal Regulations, as well as such other policies of the Commission, as required or permitted by the Act, whether contained in the Code of Federal Regulations, or not, that apply to the Station.

40. “**Schedules**” means the documents referred in this Agreement, and contained in a separate volume of schedules, and delivered by Seller to Buyer concurrently with the execution of this Agreement.

41. “**Seller**” means **DIAMOND PEAK INVESTMENTS, LLC**, an individual.

42. “**Seller's Authorization**” means Seller's due, full and requisite approval and authorization, fully in accordance with Seller's organizational and governing documents, of the execution, delivery and full performance of this Agreement by Buyer.

43. “**Station**” means the Commission Authorizations for Radio Station KDPM(FM), Cottage Grove, Oregon (FCC Facility ID No. 66971), and any other Commission Authorizations pertaining thereto.

44. “**Station Assets**” means the same as Assets and includes all tangible and intangible property used or held for use in connection with the Station, including but not limited to:

44.1. **Authorizations.** All of Seller's rights in and to (i) the call letters for the Station and (ii) all Commission Authorizations and other licenses, permits or authorizations for or used in connection with the operation of the Station, and including any easements and rights of way listed on **Exhibit 1**;

44.2. **Non-Corporate Files and Business Records.** Such of the files, records and logs of Seller relating to the business and operation of the Station, including all engineering data, proprietary information, technical information and data, machinery and equipment warranties, maps, computer disks and tapes, plans, diagrams, blueprints, schematics, logs, books of accounts, and other records and files relating to the Station as Buyer may reasonably require, including all contracts to be assigned;

44.3. **Franchises.** Any and all franchises, materials, supplies, easements, rights-of-way, permits and Consents, if any, relating to, used or held for use in, or intended to be used in the business and operation of the Station, either now owned, possessed, or in effect or hereafter acquired prior to Closing Date; and

44.4. **Good Will.** The good will of the Station.

44.5. **Intellectual Properties; Market Research; Memorabilia.** All programming and programming material of whatever form or nature (whether recorded on tape or any other substance or intended for live performance, whether intended for broadcast or any other medium and whether completed or in production), technical information and engineering data, news and advertising studies and consultants' reports, music libraries, jingles and promotional material used in or relating to the Station, public inspection files, logs, engineering records, machinery and equipment warranties, maps, computer disks and tapes, plans, diagrams, blueprints, schematics, commission applications and filings, all records pertaining to the Station and maintained by Seller pursuant to the Rules and Regulations of the FCC, all research and marketing materials pertaining to Station's Business, including, but not limited to books, reports, presentations, audience surveys or research, client lists, analyses, consultant reports, marketing presentations, relevant correspondence, records, and ledgers memorabilia and awards, sales books and records of the Station, including mailing lists and customer lists, trade secrets, know how and other proprietary or confidential information used or held for use in or relating to the Station's Business;



44.6. *Miscellaneous Assets*. Any other tangible or intangible assets, rights or properties of any kind or nature not otherwise described or provided for, and now or hereafter owned or used by Seller in the Station's Business.

44.7. *Prepaid Items*. All pre-paid items on the Closing Date which relate to the Station;

44.8. *Real Property Leases*. All of the existing real property leases as listed on **Schedule 3**, including all improvements, structures and appurtenances thereto used or held for use in the operation of the Station, subject to any required consent of lessor of such leases and Seller shall use its best efforts in good faith to obtain said consents;

44.9. *Tangible Personal Property*. All Tangible Personal Property, assets and equipment used or held for use in the operation of the Station including that listed on Schedule A to this Exhibit 12;

44.10. *Trademarks*. All of the right, title and interest of Seller in and to all trademarks, trade names, service marks, franchises, copyrights, including registrations and applications for registrations, jingles, slogans, logos, permits, property rights and interests, computer programs and program rights or other materials owned by Seller and used or held for use in the operation of the Station;

44.11. *Manufacturers' Warranties*. All of Seller's rights under manufacturers' and vendors' warranties relating to items included in the Station Assets and all similar rights against third parties relating to items included in the Station Assets;

44.12. *Other Property*. Such other assets, properties, contracts interests and rights owned by Seller that are used or held for use in connection with the operation of the Station or that are located as of the Closing Date on the Real Property used, leased or owned by Seller.

45. "*Station's Business*" means the day-to-day business, sales and/or operations of the Station, if any, as well as any activities of the Seller or its agent(s), the Station or the Station's employees or agents, that, directly or indirectly, are designed, intended or planned to (i) promote the Station or (ii) generate or stimulate revenues, income and/or audience for the Station, or (iii) maintain the Assets and Commission Authorizations.

46. "*Station Contracts*" means those contracts, leases, and agreements that have been entered into, or are used in the ordinary course, involving the Station, including those listed on **Schedule 3**, attached hereto.

47. **OTHER TERMS**. All terms defined in the other Sections of this Agreement shall have the meaning otherwise ascribed to them in this Agreement.

**ESCROW AGREEMENT**

ESCROW AGREEMENT, made and entered into as of this 10<sup>th</sup> day of January, 2011 (this "Agreement"), by and among **DIAMOND PEAK INVESTMENTS, LLC**, an Oregon limited liability company ("Seller"), and **CATHOLIC BROADCASTING NORTHWEST, INC.**, a \_\_\_\_\_ corporation ("Buyer"), and WashingtonFirst Bank, a bank chartered under the laws of the Commonwealth of Virginia, located in Washington, D.C. ("Escrow Agent").

*WITNESSETH:*

WHEREAS, pursuant to an Asset Purchase Agreement of even date herewith (the "Purchase Agreement"), Buyer has agreed to acquire from Seller substantially all of the assets and licenses of Radio Station KDPM(FM), Cottage Grove, Oregon (the "Station"); and

WHEREAS, pursuant to the Purchase Agreement, Buyer has agreed to deposit the sum of **Fifty Thousand Dollars (\$50,000.00)** (the "Escrow Deposit") into escrow to be held by Escrow Agent pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. Appointment. On the terms and conditions set forth herein, Escrow Agent shall act as escrow agent and, as such, receive, administer and dispose of the Escrow Deposit. The Escrow Agent shall invest the Escrow Deposit in an interest bearing checking account, savings account, money market fund or treasury securities, as directed by Seller and Buyer from time to time.

2. Rights, Duties and Immunities of Escrow Agent.

(a) Acceptance by Escrow Agent of its duties under this Agreement is subject to the following terms and conditions, which all parties to this Agreement hereby agree shall govern and control the rights, duties and immunities of Escrow Agent:

(i) Escrow Agent undertakes to perform such duties and only such duties as are expressly set forth herein, and no implied agreements or obligations shall be read into this Agreement against Escrow Agent;

(ii) Escrow Agent shall not be responsible in any manner whatsoever for any failure or inability of Buyer, or of anyone else, to deliver moneys to Escrow Agent or otherwise to honor any of the provisions of this Agreement, the Purchase Agreement or any other agreement;

(iii) Seller and Buyer jointly shall, within ten (10) days following demand, reimburse and indemnify Escrow Agent for, and hold it harmless from and against, any

loss, liability or expense, including but not limited to reasonable counsel fees, arising out of or in connection with its acceptance of, or the performance of its duties and obligations under, this Agreement, except for losses, liabilities and expenses caused by the bad faith, willful misconduct or gross negligence of Escrow Agent. Escrow Agent shall in no event be liable in connection with its investment or reinvestment of any amount held by it hereunder in good faith in accordance with the terms hereof, including, without limitation, any liability for any delays not resulting from its gross negligence or willful misconduct or any loss of interest incident to any such delays;

(iv) Escrow Agent shall be fully protected in acting on and relying upon any written notice, direction, request, waiver, consent, receipt or other paper or document which Escrow Agent in good faith believes to have been signed or presented by the proper party or parties;

(v) Escrow Agent shall not be liable for any error of judgment, or for any act done or step taken or omitted by it in good faith or for any mistake of fact or law, or for anything that it may do or refrain from doing in connection herewith, except its own bad faith, willful misconduct or gross negligence;

(vi) Escrow Agent shall receive for its services as escrow agent hereunder the fee of Two Hundred Dollars \$200.00 plus the cost of investing in treasury securities if Buyer and Seller so elect, to be shared equally by Seller and Buyer;

(vii) Escrow Agent makes no representation as to the validity, value, genuineness, or collectability of any security, document or instrument held by or delivered to it; and

(viii) no provisions of this Agreement shall require Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(b) Subject to the provisions of Section 3(d) hereof, if a controversy arises between one or more of the parties hereto as to whether or not or to whom Escrow Agent shall deliver the Escrow Deposit or as to any other matter arising out of or relating to the Escrow Deposit or this Agreement, Escrow Agent shall not be required to determine the same and shall not make any delivery of the Escrow Deposit but shall retain it until the rights of the parties to the dispute shall have finally been determined by written agreement among the parties in dispute or by final order of a court of competent jurisdiction; provided, however, that the time for appeal of any such final order has expired without an appeal having been made. Escrow Agent shall deliver the Escrow Deposit within two (2) business days after Escrow Agent has received written notice of any such agreement or final order (accompanied by an affidavit that the time for appeal has expired without an appeal having been made). Escrow Agent shall be entitled to assume that no such controversy has arisen unless it has received a written notice that such a controversy has arisen which refers specifically to this Agreement and identifies by name and address the adverse

claimants in the controversy; provided, however, that Escrow Agent shall not be bound by any such notice unless it is received before Escrow Agent delivers the Escrow Deposit or takes any action that, but for the notice referred to in this sentence, is permitted hereunder. If a controversy of the type referred to in this paragraph arises, Escrow Agent may, in its sole discretion (but shall not be obligated to), commence interpleader or similar actions or proceedings for determination of the controversy.

3. Release of Escrow Deposit. Escrow Agent shall hold the Escrow Deposit until it delivers such Escrow Deposit as follows:

(a) If Escrow Agent receives a written notice executed by Seller and Buyer stating that the Closing as defined in the Purchase Agreement is to occur on a specified date, Escrow Agent shall deliver the Escrow Deposit to Seller, and deliver all interest and earnings thereon to Buyer on such date, provided that Escrow Agent shall have received at least two (2) business days prior written notice.

(b) If Escrow Agent receives a written notice from Buyer stating that Buyer is entitled to the Escrow Deposit, Escrow Agent shall deliver or mail a copy thereof to Seller and, unless Escrow Agent has received a written notice of objection from Seller within ten (10) business days after the effective date of such delivery or mailing, Escrow Agent shall deliver the Escrow Deposit together with any earnings thereon to Buyer. If Escrow Agent so receives a written notice of objection from Seller, a controversy shall be deemed to have occurred for purposes of Section 2(b) hereof.

(c) If Escrow Agent receives a written notice from Seller stating that Seller is entitled to the Escrow Deposit, Escrow Agent shall deliver or mail a copy thereof to Buyer and, unless Escrow Agent has received a written notice of objection from Buyer within ten (10) business days after the effective date of such delivery or mailing, Escrow Agent shall deliver the Escrow Deposit, together with any earnings thereon, to Seller. If Escrow Agent so receives a written notice of objection from Buyer, a controversy shall be deemed to have occurred for purposes of Section 2(b) hereof.

(d) Escrow Agent shall, in addition, disburse the Escrow Deposit and earnings thereon in accordance with any joint written instructions received by Escrow Agent executed by Buyer and Seller, which joint instructions shall be deemed to supersede the above provisions of this Section 3.

4. Successor Escrow Agent.

(a) Escrow Agent (and any successor escrow agent) may at any time resign by delivering written notice to Seller and Buyer. Escrow Agent shall deliver the Escrow Deposit to any successor escrow agent jointly designated in writing by Buyer and Seller, whereupon Escrow Agent shall be discharged of and from any and all further obligations arising in connection with this Agreement. The resignation of Escrow Agent shall take effect on the earlier of the appointment of a successor escrow agent or the date which is thirty (30) days after the date of delivery of Escrow Agent's written notice of resignation to the other parties hereto. In the event that a successor Escrow Agent has not been appointed at the expiration of such thirty (30) day period, Escrow Agent's sole responsibility hereunder shall be the safekeeping of the Escrow Deposit and to deliver such Escrow Deposit as may be specified in a written agreement signed by all the other parties to this Agreement or as any court of competent jurisdiction may order.

(b) If Escrow Agent receives a written notice from Seller and Buyer stating that they have selected another escrow agent, Escrow Agent shall deliver the Escrow Deposit to the successor escrow agent named in the aforesaid notice within ten (10) business days of such receipt.

5. Miscellaneous.

(a) This Agreement may be executed in counterpart originals, which collectively shall have the same legal effect as if all signatures had appeared on the same physical document. This Agreement may be executed and exchanged by facsimile transmission or a PDF delivered via email with the same legal effect as if the signatures had appeared in original handwriting on the same physical document.

(b) This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. No persons other than the parties hereto shall have any rights under or by reason of this Agreement.

(c) All notices, elections and other communications permitted or required under this Agreement shall be in writing and shall be deemed effectively given or delivered upon personal delivery or twenty-four (24) hours after delivery to a courier service which guarantees overnight delivery or five (5) days after deposit with the U.S. Post Office, by registered or certified mail, postage prepaid, and, in the case of courier or mail delivery, addressed as follows (or at such other address for a party as shall be specified by like notice):

If to Seller, to:

Diamond Peak Investments, LLC  
Attn: Steve Master  
c/o Master Capital Management  
835 East Park st  
Eugene Or 97401  
Tel: 541-743-8111  
Email: [steve@masterequity.net](mailto:steve@masterequity.net)

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

Sciarrino & Shubert, PLLC  
5425 Tree Line Drive  
Centreville, VA 20120  
Attn: Dawn M. Sciarrino, Esq.  
Tel: 202-350-9658  
Fax: 703-991-7120  
Email: dawn@sciarrinolaw.com

If to Buyer, to:

Catholic Broadcasting Northwest, Inc.,  
P.O. Box 5888  
Portland, OR 97228  
Attn.: Anthony R. Galati  
Tel: 503-285-5200  
Email: tonyg@kbvm.fm

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

J. Dominic Monahan  
Luvaas Cobb  
777 High Street, Suite 300  
Eugene, OR 97401-2787  
Tel: 541-484-9292  
Fax: 541-343-1206  
Email: dmonahan@luvaascobb.com

If to Escrow Agent, to:

WashingtonFirst Bank  
1500 K Street, NW  
Washington, DC 20005  
Attn: Wilifredo Hernandez  
Email: whernandez@washingtonfirstbank.com  
Facsimile: 202-861-1317

(d) The headings contained in this Agreement are inserted for reference purposes only and shall not affect the meaning of interpretation of this Agreement.

(e) Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or affecting the validity or enforceability of such provisions in any other jurisdiction.

(f) No amendment or waiver or any provision of this Agreement shall be effective unless in writing and signed by each of the parties hereto, and any waiver shall be effective only in the instance and for the purpose for which given.

(g) This Agreement shall be governed by and construed in accordance with the laws of the District of Columbia, without regard to principles of conflicts of law.

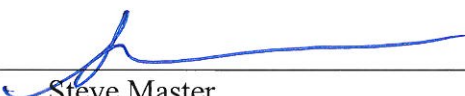
(h) This Agreement embodies the entire agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, representations, warranties, covenants, or undertakings, other than those expressly set forth or referred to herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

[THE NEXT PAGE IS THE SIGNATURE PAGE]

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

**SELLER:**

**DIAMOND PEAK INVESTMENTS, LLC**

By:   
Steve Master  
Managing Member

**BUYER:**

**CATHOLIC BROADCASTING  
NORTHWEST, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ESCROW AGENT:**

**WASHINGTONFIRST BANK**

By: \_\_\_\_\_  
Wilifredo Hernandez  
Title: \_\_\_\_\_



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

**SELLER:** **DIAMOND PEAK INVESTMENTS, LLC**

By: \_\_\_\_\_  
Steve Master  
Managing Member

**BUYER:** **CATHOLIC BROADCASTING  
NORTHWEST, INC.**

By: Anthony R. Galati  
Name: Anthony R. Galati  
Title: Executive Director

**ESCROW AGENT:** **WASHINGTONFIRST BANK**

By: \_\_\_\_\_  
Wilfredo Hernandez  
Title: \_\_\_\_\_

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

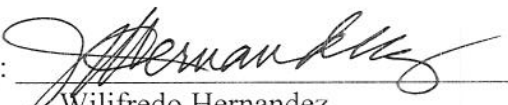
**SELLER:** **DIAMOND PEAK INVESTMENTS, LLC**

By: \_\_\_\_\_  
Steve Master  
Managing Member

**BUYER:** **CATHOLIC BROADCASTING  
NORTHWEST, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ESCROW AGENT:** **WASHINGTONFIRST BANK**

By:   
Wilifredo Hernandez  
Title: AVP