

BROADCAST STATION ACQUISITION PROCESS

This is a summary of the process required to acquire a broadcast authorization held in perpetuity by the Federal Communications Commission (FCC). Each acquisition is different; however the process for FCC approval is the same.

1. Buyer ("Assignee") submits a written offer in the form of a Letter of Intent ("LOI") or a Memorandum of Understanding ("MOU"). This is a non-binding agreement subject to acceptance by the Seller ("Assignor").
2. The Letter of Intent ("LOI") provides for an Earnest Money Deposit with an Escrow Agent (an Attorney, or Broker) and upon acceptance by the Seller ("Assignor") the broadcast property is removed from listings for sale.
3. The LOI stipulates a period, usually within five – ten (5-10) business days from the date of acceptance of this Letter of Intent for the Asset Purchase Agreement ("APA") to be prepared that will contain such representations, warranties, covenants and indemnification provisions as are customary and appropriate to transactions of similar size and nature subject to the FCC approval.
4. The LOI should stipulate the parties do not intend to be legally bound until a definitive contract ("Purchase Agreement") is executed except for a confidentiality provision.
5. The Broker works with the Seller and Buyer; and their respective representatives (usually an attorney), to negotiate any of the changes in the APA.
6. Upon agreement and execution of the APA and Escrow Agreement ("EA"), the Buyer is typically required to make a Deposit in an amount that can range from about six-to-ten percent (6% – 10%) of the purchase price. The LOI escrow deposit is included in this amount. The Escrow protects both parties in the event the transaction does not close. The Deposit is applied to the Purchase price upon FCC approval at the Closing.
7. An Escrow Agreement ("EA") is executed concurrent with the APA between the Buyer, Seller and Escrow Agent that contains terms and conditions on how the Deposit is to govern who receives the funds in the event of a non-closing.
8. The APA and EA are submitted with an Assignment Application, usually prepared by the Buyer's representative, to the FCC for its approval.



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9. The FCC filing fee (or, processing fee) is typically shared equally; and paid by the Party filing the Assignment Application, then adjusted at Closing.
10. The Assignment Application filed with the FCC is published in the FCC Daily Public Notices within a few days after the application is accepted for filing.
11. The Seller is required to broadcast on-air announcements of the proposed sale including local public notice in a daily or weekly newspaper pursuant to the FCC rules.
12. Initial approval of the Assignment Application by the FCC is called the Initial Grant and usually takes place within 45-days from the Initial Public Notice ("IPN") publication date. The closing may be held upon the approval by the FCC (the "Initial Grant"), or 40-days later upon Final Rule & Order ("FR&O"), or with agreement between the Buyer and Seller; the transaction can close upon the Initial Grant.
13. Final Rule & Order is a period of 40-days following the IPN in which the proposed transaction is subject to objection. Only a party that has "legal standing" can oppose the application. Such events are rare, and in such cases, the parties would then execute an "Unwind Agreement" that rescinds the proposed transaction. Such events are rare and even more rarer that the opposition is upheld by the FCC during the period before the FR&O.
14. Either party may require that Closing be delayed until the Final Grant. During the period between the Initial and Final Grant; only an entity with "legal standing" may oppose the consummation of the transaction, but only for a "good reason". No frivolous opposition is considered by the FCC. This is extremely rare.
15. Closing documents typically include: (a) Bill of Sale, (b) Assignment of Broadcast Authorizations, (c) Closing Statement adjusting the closing amount, and (d) applicable assignment and assumption agreements for assumed contracts, Property Deeds (if applicable), and such other documents either party's attorney may require.
16. Closing documents are usually prepared by the Buyer's attorneys, and reviewed by the Seller's attorneys. Most closing today are completed by telephone, email and wire transfers. However, a closing can be held at an in-person meeting with the respective parties. The balance of the purchase price (the Selling Price less the Deposit) is due by wire transfer at the closing.
17. After the Closing, the Seller files a "Notice of Consummation" with the FCC and the Buyer takes possession of the broadcast properties.



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