



RADIO STATION ACQUISITION PROCESS

The following is a summary of the process of acquiring a radio broadcast property and moving it through the Federal Communications Commission (FCC) and all the way to closing. Each transaction is different, and the process can be varied to fit the needs.

1. Buyer submits a written offer in the form of a Memorandum of Understanding ("MOU"). (Also known as Letter of Intent) (We can assist in this, if needed.)
2. If the Buyer requires that the property be taken off the market, all or a portion of the Good Faith Deposit (Earnest Money Deposit) would typically be required at this time. It would be covered by a Deposit Agreement between the buyer, seller and the Deposit Agent. The agreement would govern the disposition of the deposit for at the transaction's closing, or a default by either the buyer or seller.
3. If the MOU is accepted by the Seller, typically the Buyer (Buyer's FCC Attorney), would prepare an Asset Purchase Agreement ("APA"). The APA must contain certain terms as required by the FCC and that are standard in similar transactions. It would then be presented to the other party for acceptance or revision.
4. The broker(s) would work with the Seller and Buyer, and appropriate attorneys, to negotiate any necessary changes in the APA.
5. At that point, when the APA is signed, the Buyer would typically be required to provide a Deposit. The deposit amount can range from about 6% to 10% (typical) of the purchase price. Any earlier deposit would be included in this amount. The broker or deposit agent would provide an Deposit Agreement that protects both parties in the event the deal does not close. The Deposit would be applied to the Purchase price upon FCC approval and at the Closing. The Deposit would be held in a Deposit Account until distributed. The Deposit Agreement would contain the conditions that would govern who, the Seller or Buyer, gets the funds if the Closing does not occur.
6. When the APA is acceptable to both the Seller and Buyer, it is signed and submitted by the Buyer's (typically) FCC attorney with the FCC Transfer Application.
7. The FCC filing fee would typically be equally shared and, if paid by either party, be handled as a closing adjustment.
8. The FCC application goes on Public Notice within about a week after filing. Local on-air and newspaper public notice must also be made according to FCC guidelines.
9. Usually, the FCC will make the Initial Grant within about 40 days after Public Notice. The closing can be held either at the Initial Grant or about 40 days later after the Final Grant.



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10. With agreement of Buyer and Seller, the transaction can close upon the Initial Grant. Most deals close upon this Initial Grant.
11. If the transaction is closed at that time it could be subject to a protest, but only from a third party that would have legal “standing” to do so.. (It is typical for the parties to execute a simple “unwind agreement” that reverts the transaction in the very rare event that a protest is upheld by the FCC during the period before the Final Grant is issued.)
12. The FCC will make a Final Grant about 40 days after the Initial Grant. Either party may require that Closing be delayed until the Final Grant. During the period between the Initial and Final Grant, an entity with “standing” may protest the consummation of the transaction, but only for a “good reason”. No frivolous protests are entertained by the FCC. This is extremely rare.
12. Closing documentation that is pre-prepared, including Bill of Sale, Transfers of licenses and applicable assumed contracts, Property Deeds (if applicable), Closing Adjustment Statements, and any other required documents, is executed at this time. The closing documentation is usually prepared by the Buyer’s attorneys, but can be shared with Seller’s attorneys.
13. In recent times most closings are now done by telephone, email and wire transfers. However, a closing can be held at an in-person meeting with the respective parties.
14. The balance of the purchase price (the Selling Price less the Deposit) is due by wire transfer at the closing.
15. The Buyer takes possession of the radio station(s) at the conclusion of the Closing.
16. A Notice of Consummation must be filed with the FCC at that time.



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