



## IMPORTANT BUYER TIPS

### ✓ FINANCIAL ABILITY TO CLOSE

Serious broadcast station buyers will need to be prepared to prove they are financially qualified to purchase a broadcast station property. Most buyers should have at least ONE of the following:

- Cash on hand
- Investors in place
- Buyer has previously qualified for financing through a local bank/financial institution

Usually, most sellers will require a letter from the bank, or, personal or business financial statements from investors prior to signing a letter of intent.

### ✓ CONDUCT THOROUGH DUE DILIGENCE

A Buyer should request that the Seller supply a complete list of equipment relating to the entire operation.

Wise Buyers will study all due diligence materials carefully, making sure that the financials are acceptable and that the station(s) and all equipment are operating in compliance with FCC rules and regulations. The Buyer should determine if the terms of all assumable contracts and leases are acceptable, and if the asking price of the station(s) is fair and in budget.

If real estate is included in the sale, then the Buyer must conduct all due diligence necessary to protect his or her interests prior to acquiring real property.

It is recommended that Buyers hire a broadcast engineer who specializes in all areas of FCC compliance in order to achieve the best results during the due diligence period.

## A MEDIA BROKER CAN SMOOTH THE WAY

Many times, a Buyer will hire a Media Broker to search for specific types of broadcast property(ies). It is the Media Broker's business to know (or find out) what station(s) may be on the market now or at some point in the future. Most Media Brokers have extensive databases of Sellers and potential Sellers developed through their years of experience and networking in the industry.

Media Brokers have a thorough understanding of the entire broadcast transaction process, so they become a great resource along the way. And hiring a Media Broker will allow the Buyer to continue focusing on his or her current business or career during the course of time the Buyer is searching for a station(s).

Many experienced broadcast owners and operators will agree that a Media Broker can "step in" when the going gets tough -- when there is a breakdown in relations during contract negotiations between the Buyer and Seller. In many cases, Media Brokers salvage "deals" that would have otherwise gone sour. Yes, a Media Broker will help smooth the way.

## FCC ATTORNEY A MUST

Usually, broadcast station(s) are sold in an asset sale rather than a stock sale, utilizing a contract often referred to as an Asset Purchase Agreement (APA). To better represent their interests, Buyers are recommended to hire an attorney or law firm that specializes in communications law. For convenience purposes, most FCC attorneys/firms are located in the Washington, D.C. area, with many located in close proximity to Federal Communications Commission headquarters.

It is customary that the Buyer's counsel prepare a draft APA, which is then negotiated between both the Buyer's and Seller's attorneys and their respective clients. Once the contract is finalized, the attorneys will complete and file FCC Form 314.

FCC attorneys have a far greater understanding of the commission's rules and regulations than mainstream business attorney, for example.