

LOAN AGREEMENT

THIS LOAN AGREEMENT (this “**Loan Agreement**”, or “**Agreement**”) is made as of ~~DATE~~ April 11, 2023 (“**Effective Date**”), by and among PACIFIC CHARTER SCHOOL DEVELOPMENT, INC., a California nonprofit public benefit corporation (“**Lender**”), and GOLDEN OPPORTUNITY LEGACY DEVELOPMENT LLC, a California limited liability company (“**Borrower**”).

RECITALS:

A. Lender previously made an acquisition loan to Borrower in the amount of ONE MILLION AND NO/100 DOLLARS (\$1,000,000.00)(the “**Acquisition Loan**”), which Borrower used, in full, to acquire the fee simple interest in that certain property commonly known as 741 W. Belmont Ave., Fresno, CA 93728-2805, as more particularly described in Exhibit A (“**Property**”) pursuant to that Grant Deed recorded in the county records of Fresno County as instrument number 2022-0150633. The Acquisition Loan is evidenced by a Note, Loan Agreement, Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing, and Repayment Guaranty (collectively the “**Acquisition Loan Documents**”).

B. Borrower now seeks to obtain predevelopment services related to the construction of a 26,000 square foot facility on the Property that will house a public charter school operated by The Golden Charter Academy (“**School**”) and will serve, at capacity, 480 students in grades TK-8 (the “**Project**”).

C. To facilitate Borrower’s completion of the Project, Borrower has requested Lender make an additional loan to Borrower in the aggregate maximum principal amount of ONE MILLION ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$1,100,000.00) (the “**Loan**”) the proceeds of which shall be used solely to fund predevelopment costs related to the Project.

D. The Loan shall be evidenced by (i) a certain Promissory Note dated as of the date of this Agreement, made by Borrower and payable to the order of Lender in the original principal amount of ONE MILLION ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$1,100,000.00)(the “**Note**”); (ii) a second priority Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing granted by Borrower to Lender of even date herewith, as the same may be further amended, modified or supplemented from time to time (“**Deed of Trust**”), which shall be subordinate only to that certain first priority Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing granted by Borrower to Lender dated December 20, 2022 and recorded in the county records of Fresno County as instrument number 2022-0150634; (iii) a Repayment Guaranty made by The Golden Charter Academy for the benefit of Lender (“**Guaranty**”); (iv) an Environmental Indemnification and Release Agreement; and (v) any other instruments or documents evidencing or documenting the lending relationship between Borrower and Lender are referred to herein as a “**Loan Document**” and collectively as the “**Loan Documents**”. The payment of the Note, any the interest due thereunder and any other sums payable under the Loan Documents is referred to in this Agreement collectively as the “**Indebtedness.**”

E. Independent from the Loan, Borrower previously engaged Pacific Charter School Development, Inc. pursuant to that certain Project Management Agreement dated August 1, 2022 (“**Project Management Agreement**”) to provide project management services for the Project.

F. Following (i) Borrower’s contribution of TWO HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$250,000.00) towards the acquisition of the Property, and (ii) Borrower’s payment of Project costs, as reasonably approved by Lender, in an amount not less than TWO HUNDRED EIGHTY-FOUR THOUSAND AND NO/100 DOLLARS (\$284,000.00) for an aggregate contribution of FIVE

HUNDRED THIRTY-FOUR THOUSAND AND NO/100 DOLLARS (\$534,000.00)(collectively, “**Required Borrower Predevelopment Equity**”), and subject to the obligations and provisions set forth in this Agreement, Lender shall then issue the Loan to Borrower. As of the date of this Agreement, Borrower has contributed a total of [THREE HUNDRED SIXTY-FOUR THOUSAND ONE HUNDRED NINETY-TWO AND NO/100 (\$364,192.00)] towards the Required Borrower Predevelopment Equity.

G. It is a condition of making the Loan that Borrower enter into and be bound by this Agreement and the other Loan Documents.

AGREEMENTS

NOW, THEREFORE, in consideration of the Recitals set forth above and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions.** Terms appearing as initially capitalized terms and not otherwise expressly defined in this Agreement have the respective meanings given to them in this Agreement.

“**Business Day**” means any day other than a Saturday, Sunday, or legal holiday on which banks are authorized or required to close in Los Angeles, California.

“**Closing**” has the meaning set forth in Section 4 of this Agreement.

“**Closing Date**” has the meaning set forth in Section 4 of this Agreement.

“**Code**” means the Internal Revenue Code of 1986, as amended, and any corresponding provision or provisions of prior or succeeding law.

“**Default Rate**” means a rate equal to five percent (5%) per annum above the Interest Rate or the maximum amount allowed by law, whichever is less.

“**Guarantor**” means The Golden Charter Academy

“**Escrow**” means Fidelity National Title

“**Event of Default**” has the meanings set forth in Section 13 of this Agreement.

“**Improvements**” means any and all improvements, structures, or buildings, and all replacements and alterations thereof or thereto, whether now or hereafter located upon the Property, including all plant equipment, apparatus, machinery, and fixtures of every kind and nature whatsoever forming a part of such improvements, structures, or buildings.

“**Interest Rate**” means an annual rate equal to two and one-half percent (2.5%) of the outstanding Loan balance.

“**Lender Expenses**” means, collectively, all costs and expenses incurred by or on behalf of Lender on account of or in connection with the administration and collection of the Loan and Loan Documents and/or the operation, oversight, and management of the investment and business activities of the Lender in connection with the Loan.

“**Loan Proceeds**” means the proceeds of the Loan.

“**Maturity Date**” means, December 20, 2024.

“**Origination Fee**” a nonrefundable fee due and payable to Lender equal to one percent (1%) of the Loan, totaling Eleven Thousand and No/100 Dollars (\$11,000.00).

“**Person**” means any individual, general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative, association, foreign trust or foreign business organization, and the heirs, executors, administrators, legal representatives, successors, and assigns of such Person where the context so permits.

“**Project**” has the meaning set forth in the Recitals to this Agreement.

“**Project Management Agreement**” has the meaning set forth in the Recitals to this Agreement.

“**Title Company**” means Fidelity National Title

“**Title Insurance Policy**” means ALTA lender’s extended coverage policy of title insurance issued by a title insurance company acceptable to Lender in the full amount of the Loan insuring that the Deed of Trust, as of the Closing Date, is a valid ~~first~~second priority lien on the fee simple interest in the Property, including such other items or endorsements as may be approved or requested by Lender in writing.

2. **Incorporation of Recitals.** The foregoing Recitals are hereby incorporated into and made a part of this Agreement.

3. **Conditions Precedent.** The making of the Loan to Borrower as of the date hereof shall be contingent on satisfaction of each of the following conditions precedent:

(a) **No Condemnation.** No proceedings to condemn any part of the Property shall have been threatened or commenced by any authority having the power of eminent domain.

(b) **Lender’s Title Policy.** Lender has received confirmation from the Title Company that it will issue the Title Insurance Policy substantially in the form attached hereto as Exhibit B.

(c) **Project Timeline.** Lender’s determination of the Project timeline, including but not limited to the timeline for major construction timeline milestones.

(d) **Loan Fees and Transaction Expenses.** On the Closing Date Borrower has provided Lender with evidence satisfactory to Lender that it has wired to Escrow and Escrow has received, (A) the Origination Fee; and (B) an amount equal to all Lender Expenses through the Closing Date.

(e) **Closing Conditions.** Borrower’s satisfaction of all other applicable closing terms and conditions set forth in this Agreement, as determined by Lender in its reasonable discretion.

4. **Closing Date.** The closing of the Loan (the “**Closing**”) shall occur on the Effective Date (the “**Closing Date**”).

5. **Closing Documents.** On or prior to the Closing Date, Borrower shall deliver to Lender an original of each of the following documents, all executed in the manner indicated therein, and all in form and substance acceptable to Lender in its sole discretion:

(a) Note;

(b) Loan Agreement;

- (c) Deed of Trust;
- (d) Guaranty;
- (e) Environmental Indemnification and Release Agreement;
- (f) Certificate of Borrower Resolution;
- (g) Borrower's General Certificate and Agreement; and
- (h) Such other documents as Lender may reasonably require.

6. **Other Materials.** Not later than three (3) Business Days prior to the Closing Date, Borrower, at its sole cost and expense, shall deliver or cause to be delivered to Lender the following documents and other materials, in form and substance satisfactory to Lender:

- (a) Record Searches. *Reserved.*
- (b) Survey. *Reserved.*
- (c) Organizational Documents. Copies of the following:

- (i) Incorporation. For Borrower, Articles of Organization or equivalent document, certified by the California Secretary of State and certified as current by an authorized officer as of a date within thirty (30) calendar days prior to the Closing Date; and for Guarantor, Articles of Incorporation or equivalent document, certified by the California Secretary of State and certified as current by an authorized officer as of a date within thirty (30) calendar days prior to the Closing Date;

- (ii) Good Standing. Certificate of Good Standing or equivalent document for Guarantor, certified by the California Secretary of State as of a date within sixty (60) calendar days prior to the Closing Date;

- (iii) Resolution. Transaction resolution, certified by an authorized officer as of a date within thirty (30) days prior to the Closing Date, authorizing the transactions contemplated by this Agreement;

- (iv) Certification. Borrower certificate indicating the validity of each of the forgoing Organizational Documents as well as those officers who are authorized to execute and deliver the applicable documents required hereunder, certified by an authorized officer as of a date within thirty (30) days prior to the Closing Date; and

- (v) Other. Such other organizational documents as may be reasonably required by Lender.

- (d) Insurance Policies. The Title Insurance Policy and prepaid policies for Borrower, property damage insurance, workers' compensation insurance, property manager's insurance or fidelity bond, if applicable, and such other insurance coverage as Lender may reasonably require, all of which insurance policies except workers' compensation insurance and excess liability coverage shall name the Lender as loss payee or additional insured with no other loss payees or additional insureds except as may be approved in advance by Lender, and shall otherwise be in form, amount and content and with companies

reasonably satisfactory to Lender. Without limiting the foregoing, the Borrower shall provide policies of insurance satisfying the requirements set forth in this Agreement.

7. **Terms and Conditions of the Loan.** The Loan shall be subject to the following terms and conditions:

(a) **Loan Construction and Security.** The Loan shall be evidenced by the Note, this Agreement, secured against the Property by the Deed of Trust and further secured by a Repayment Guaranty provided by Guarantor.

(b) **Loan Amount.** The Loan shall be in an aggregate principal amount of One Million One Hundred and No/100 Dollars (\$1,100,000.00).

(c) **Disbursements.** Lender shall disburse all Loan Proceeds in accordance with the Disbursement Conditions set forth in Exhibit C.

(d) **Purpose and Documents Evidencing Loan.**

(i) **Purpose of Loan.** In accordance with this Agreement, the Loan Proceeds shall be used solely to (A) finance and/or reimburse the hard and soft costs incurred and to be incurred in connection with the predevelopment of the Project, and (B) pay Loan transaction costs and fees approved by the Lender or as otherwise set forth in this Agreement or in the other Loan Documents. Borrower agrees that the Loan Proceeds without additional capital are not sufficient to complete the Project.

(ii) **Loan Documents.** The Loan shall be evidenced by and the following documents:

- (A) Note;
- (B) Loan Agreement;
- (C) Deed of Trust;
- (D) Guaranty;
- (E) Environmental Indemnification and Release Agreement;
- (F) Certificate of Borrower Resolution;
- (G) Borrower's General Certificate and Agreement; and
- (H) such other documents as Lender may reasonably require.

Borrower shall be responsible for paying all obligations related to the filing of the instruments to secure the Loan.

(e) **Interest and Payments.**

(i) Interest shall accrue on the Note at the Interest Rate on the outstanding principal balance of the Note; provided, however, if any payment of principal or interest due thereunder is not received by Lender within five calendar (5) days when due, including, but not limited to, when due

upon acceleration, Borrower immediately shall pay to Lender a late charge equal to five percent (5%) of such overdue amount and the aggregate unpaid amount shall bear interest from the due date until paid at the Default Rate. To the extent that an Event of Default continues and there is an interest rate adjustment that would have applied had there been no Event of Default, the increase of five percent (5%) shall apply and accrue (if unpaid) until either the outstanding balance of the Loan, together with all interest accrued thereon, is paid in full or until the Event of Default is cured. Interest shall at all times be payable in arrears. Lender will calculate interest on the basis of a 360-day year consisting of twelve (12) thirty (30)-day months.

(ii) From the Closing Date through the Maturity Date, Borrower unconditionally promises to pay Lender:

(A) Interest-only monthly installments on the outstanding principal balance of the Loan, due on the first (1st) day of the first month following the Closing Date and continuing on the first day of each succeeding month thereafter; provided, however, that the first such installment of interest shall also include interest accruing from the Closing Date through and including the last day of the month in which the Closing Date occurs; and

(iii) All payments shall be applied first to late charges and other costs and fees payable hereunder, if any, then to accrued and unpaid interest and then in reduction of the principal amount of the Loan.

(iv) All principal and interest shall be payable in lawful money of the United States of America. Payment shall be deemed made at the time Lender receives such payment.

(f) Prepayment. The Loan may be prepaid in whole or in part, without prepayment penalty or charge. Any partial prepayments shall not relieve Borrower of the obligation to pay periodic installments of principal and/or interest as and when the same would otherwise fall due. Any Loan amounts repaid or prepaid may not be re-borrowed.

8. **Affirmative Covenants**. To help assure payment of the amounts due under the Loan, Borrower and Guarantor, as applicable, covenants and agrees as follows:

(a) Environmental Barriers. Borrower shall comply with the applicable provisions of the Americans with Disabilities Act (42 U.S.C. 12101 et seq.) and similar state and local laws and implementing regulations and rules, all as they may be amended and supplemented from time to time.

(b) Lead-Based Paint. Borrower shall comply with the provisions of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821, et seq.) and implementing regulations (24 CFR Part 35) and rules, all as they may be amended and supplemented from time to time. Borrower shall also engage a licensed certified lead abatement contractor prior to any renovation or demolition work with the potential to disturb lead-containing paint.

(c) Financial Covenants. Borrower and Guarantor, as applicable, shall maintain or cause to be maintained the following covenants and ratios (the “**Financial Covenants**”), compliance with which shall be tested on an annual basis based on Borrower and Guarantor’s audited annual financial statements, at the end of each fiscal year beginning at the end of each party’s 2022 fiscal year:

(i) Guarantor shall be required to maintain a minimum Quick Ratio of not less than 1.00:1.00. For purposes hereof, the Guarantor’s “Quick Ratio” shall be determined by dividing (A) the sum of its cash, cash equivalents, marketable securities and accounts receivable, by (B) the sum of all of its

current Liabilities. "Liabilities" shall mean liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise.

(ii) Borrower and Guarantor shall be required to maintain a minimum Current Ratio of not less than 1.05:1.00. For purposes hereof, the Guarantor's "Current Ratio" shall be determined by dividing (A) the sum of all of its current assets, by (B) the sum of all of its current liabilities.

(iii) Guarantor shall be required to maintain a positive net cash flow at the end of each fiscal year.

(iv) Guarantor's ratio of total debt to net assets shall not exceed 3.5:1

(v) Guarantor shall be required to maintain a minimum Debt Service Coverage Ratio of not less than 1.1 to 1.00 for all Project Debt. For the purposes hereof, the Guarantor's "Debt Service Coverage Ratio" shall be determined by dividing Guarantor's net operating income (defined as net income plus depreciation, amortization and interest) by all Project-related debt.

(vi) All computations of the covenants and ratios specified herein shall be certified by Borrower as being true and correct, calculated in accordance with GAAP, consistently applied and measured at the end of each of Borrower's fiscal years, respectively, which such certification will be included in an annual certificate of performance in form and content acceptable to Lender. Lender reserves the right, in its sole discretion, and at Borrower's expense, to perform an audit of the foregoing Financial Covenants, and Borrower shall cooperate with such audit.

(d) Existence. Borrower and Guarantor shall each preserve, renew, and keep in full force and effect its corporate existence, privileges, licenses, permits, franchises and insurance coverage; comply with all laws and regulations applicable to it; and obtain and maintain in full force and effect all authorizations, consents, approvals, exemptions, franchises, permits, and licenses of, and filings with, governments or governmental or administrative bodies or agencies necessary to maintain the existence of the School and its approved and authorized charter and for the performance of any act, the carrying on of any activity, or the entering into of any transaction by the Borrower or Guarantor.

(e) Filings. Borrower and Guarantor shall file or cause to be filed all Federal, state, and local tax or information returns required to be filed by it, and pay and discharge or cause to be paid and discharged promptly any taxes, assessments, and governmental charges or levies imposed upon them or upon their income or profits, or upon any of its property or upon any part thereof, before the same shall become in default, as well as all lawful claims for labor, materials and supplies, or otherwise which, if unpaid, might become a lien or charge upon its property, or any part thereof.

(f) Cooperation. Borrower and Guarantor shall cooperate fully with Lender's advisors and shall grant Lender and its representatives and advisors reasonable access to the personnel, books and records of Borrower relating to the Project and the Property and shall permit Lender, to inspect the Property at any time and from time to time upon reasonable prior notice, to the extent permitted by law.

(g) Use of Proceeds. Borrower shall utilize the Loan Proceeds only for the purposes specified in Section 7(d)(i) of this Agreement.

(h) Management. Borrower shall notify Lender in writing of any change in Borrower's or Guarantor's officers, board of directors, or board of trustees, as applicable, and/or Borrower's senior management, within ten (10) calendar days of any such change. For purposes hereof, "senior

management” includes, without limitation, the positions of Executive Director, President, Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer, Principal, Vice Principal.

(i) **UCC Filings.** Borrower and Guarantor each hereby irrevocably authorizes Lender at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that contain any other information required by part 5 of Division 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment. Borrower and Guarantor each also ratifies its authorization for Lender to have filed in any Uniform Commercial Code jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof.

(j) **Organizational Change.** Borrower shall not reorganize itself under the laws of any jurisdiction other than the jurisdiction in which it is incorporated as of the date hereof without the prior written consent of Lender.

(k) **Tax Status.** Borrower shall maintain its status as a disregarded entity of a tax-exempt nonprofit organization under Section 501(c)(3) of the Code.

(l) **Additional Debt.** Borrower shall provide notice to Lender in each instance, before it shall (i) create, incur, assume or suffer to exist any indebtedness, or in any manner become liable directly or indirectly with respect to any indebtedness, except for amounts owing to Lender; (ii) enter into any commitments for money to be borrowed; or (iii) guarantee or become obligated to pay the obligations of any other person, whether direct or indirect.

9. **Negative Covenants.** Without Lender’s prior written consent (which may be given or withheld in Lender’s sole and absolute discretion), neither Borrower nor Guarantor shall:

(a) **Transfers.** Convey, transfer or encumber, or permit the conveyance, transfer or encumbrance of, any part of the Property, except as may be required to secure tax-exempt bonding financing, to be used to repay all then outstanding Indebtedness and related costs, expenses and fees.

(b) **Dissolution.** Liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution).

(c) **Control of Borrower.** Suffer or permit (i) any sale, assignment, or other change or transfer of legal or equitable control of Borrower, or (ii) the issuance, sale, merger, consolidation, transfer, pledge, assignment, or disposition of any ownership interest in Borrower.

10. **Project Management.** Borrower acknowledges and agrees that project management services shall be provided by Lender pursuant to the terms of the Project Management Agreement. Notwithstanding any terms in the Project Management Agreement, this Agreement or any Loan Document to the contrary, (a) Lender’s obligations, liabilities and responsibility for project management are as set forth and limited in that Project Management Agreement, as modified or amended from time to time, and in no event shall the Lender be deemed to have assumed, and Borrower hereby waives and releases Lender from, any additional obligation or liability under this Agreement or any Loan Document for any action undertaken by the Lender in its capacity as project manager pursuant to the Project Management Agreement, and (b) Lender’s obligations, liabilities and responsibility as a Lender are as forth and limited in this Agreement and the Loan Documents, and in no event shall the Lender be deemed to have assumed, and Borrower hereby waives and releases Lender from, any additional obligation or liability under the Project Management Agreement for any action undertaken by the Lender in its capacity as lender pursuant to this Agreement or any other of the Loan Documents.

11. **Conflicts.** Borrower further agrees that no person who is an employee, agent, consultant, officer or elected or appointed official of Borrower shall obtain a financial interest or benefit from a Loan-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for such person or for any other person with whom such person has a family or business relationship; and (b) in addition to and not in limitation of clause (a) above, no person who is an employee, agent, consultant, officer or elected or appointed official of Borrower and who exercises or has exercised any functions or responsibilities with respect to activities assisted with Loan Proceeds, or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, shall obtain a financial interest or benefit from a Loan-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for such person or for any other person with whom such person has a family or business relationship. Borrower shall take all reasonable steps to ensure that the provisions of this Section 11 are adhered to and observed.

12. **Records and Reports.**

(a) **Audits.** The Property and the equipment, buildings, plans, specifications, offices, apparatus, devices, books of account, contracts, records, documents and other papers relating thereto which are owned or leased by Borrower, as the case may be, and the records and books of account relating to and owned by Borrower or Guarantor shall at all times be maintained in reasonable condition for proper audit, and shall be subject to examination, inspection and copying by Lender and its agents, accountants, attorneys and representatives, at any time as Lender reasonably requires, to the extent permitted by law, and Borrower and Guarantor shall permit Lender and its agents, accountants, attorneys and representatives to discuss Borrower, the School or Guarantor's affairs, finances and accounts with Borrower, to the extent permitted by law. Lender shall have the right to share any information obtained thereby with others in the ongoing course of its ownership or sale, if any, of the Loan, or any interest therein.

(b) **Financial Reports.** Borrower shall at its own cost and expense, deliver to Lender in form and content satisfactory to the Lender each of the following:

(i) **Quarterly Financial Statements.** As soon as available, but in no event later than forty-five (45) days after the end of each quarter of each fiscal year commencing with the July 1, 2022 fiscal year, Borrower shall deliver financial statements on a consolidated basis and a stand-alone basis for the School to Lender, including a balance sheet, statement of profit and loss and cash flow statement, for the prior quarter then ended;

(ii) **Audited Annual Financial Statements.** As soon as available, but in no event later than one hundred eighty (180) days after the end of each fiscal year in which any amount of the Loan is outstanding to Borrower, Borrower shall provide a balance sheet on a consolidated basis and a stand-alone basis for the School as of the end of such fiscal year, and the related statements of income and expenses and changes in financial position, which shall be in reasonable detail, and shall be certified by independent certified public accountants selected by the Borrower and approved by Lender, such approval not to be unreasonably withheld, and shall be accompanied by an opinion of such independent certified public accountants, which opinion shall state that such financial statements fairly present the financial position of the School and Borrower, as applicable, for the period then ended and have been prepared in accordance with generally-accepted accounting principles consistently applied, and that the examination by such accountants has been made in accordance with generally-accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances.

(iii) Attendance Reporting. Within thirty (30) days of fiscal year end, Borrower shall provide copies of the School's P-1, P-2 and P-Final reports as submitted to the California Department of Education describing its historical school attendance.

(iv) Annual Fundraising and Repayment Plan. As soon as available, but in no event later than forty-five (45) days after the end of each fiscal year in which any amount of the Loan is outstanding to Borrower, Borrower shall provide an updated fundraising and Loan repayment plan that will demonstrate full Loan repayment on or prior to the Maturity Date.

(v) Other Information. Such other financial information with respect to Borrower, the School, Guarantor or the Property as Lender may reasonably request from time to time.

13. **Events of Default**. Each of the following shall constitute an “**Event of Default**” with respect to the Loan, as indicated below:

(a) Certain Defaults. If (i) a default occurs in any payment when due of any principal, interest or any other sum due under the Note, any other Loan Document, whether due at the Maturity Date, by reason of acceleration or otherwise, (ii) a default occurs in the due observance or performance of any covenant or agreement on the part of Borrower or Guarantor contained in any Loan Document, or (iii) any warranty or representation made in any Loan Document is determined to have been false or misleading when made;

(b) Notices. If Borrower fails to do any of the following:

(i) to give Lender prompt notice of:

(A) Any proceeding instituted or threatened against the Borrower in or before any court or any governmental or administrative body or agency, which proceeding could have a material adverse effect upon the operations of Borrower or the operations, assets, or properties of Borrower or any investigation, adverse regulatory action, or proposed action by any governmental body or agency against the Borrower;

(B) Any change in circumstances that would cause the Loan no longer to serve the purposes stated in Section 7(e)(i);

(C) Any threatened termination, revocation, suspension, or denial of or challenge to either the tax-exempt status or nonprofit corporate status of Guarantor or Borrower by any governmental authority;

(D) Any Event of Default or other event that, with notice or lapse of time or both, would constitute an Event of Default; or

(E) Any change to Borrower's status as disregarded entity of an exempt organization under Section 501(c)(3) of the Code.

(c) *Reserved*

(d) Court Appointment. If by the order of a court of competent jurisdiction, a trustee, receiver or liquidator of any collateral or any part thereof or interest therein, of Guarantor or of Borrower, shall be appointed;

(e) Insolvency. If Borrower or Guarantor shall file a petition in bankruptcy or for an arrangement or reorganization pursuant to the Federal Bankruptcy Code or any similar law, federal or state, or if, by decree of a court of competent jurisdiction, Borrower shall be adjudicated bankrupt, or be declared insolvent, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or shall consent to the appointment of a receiver or receivers of any security property or any part hereof or interest therein;

(f) Creditor Action. If any creditor of Borrower or Guarantor shall file a petition in bankruptcy against, or for reorganization of, Borrower pursuant to the Federal Bankruptcy Code or any similar law, federal or state;

(g) Judgment. If final judgment for the payment of money of \$250,000 or more shall be rendered against Borrower or Guarantor and it shall not discharge or bond the same or cause it to be discharged or bonded, or shall not appeal therefrom or from the order, decree or process upon which or pursuant to which said judgment was granted, based or entered, and secure a stay of execution pending such appeal.

(h) Default under Other Material Agreements. If a default occurs under the Project Management Agreement or any material agreement affecting the financial condition of Borrower; specifically, including, but not limited to, all covenants, certificates and agreements entered into by Borrower, Guarantor, or the School in connection with or relation to this Loan;

(i) Adverse Proceedings. Existence or change in status of any pending litigation or administrative proceedings or investigations against or affecting Borrower or Guarantor, which, if determined adversely to such party, would have a materially adverse effect upon the Borrower or the Project;

(j) Financial Condition.

(i) Material adverse change in the financial condition of Borrower or Guarantor; or

(ii) If Lender in its good faith believes the prospect of payment of the Note is substantially impaired due to acts or events bearing upon the financial condition or results of operations of the Borrower;

(k) Funding Status. Non-receipt of any state or federal funding committed for the School or Guarantor, as reflected in any financial statement provided by or on behalf of Borrower or Guarantor to Lender, likely to have a materially adverse effect on the Project or on Borrower's compliance with any financial covenants in the Loan Documents;

(l) School Charter. Any governmental or regulatory entity revokes, repeals, or amends the charter for the School; provided, however, any such amendment which does not impair the School's ability to continue in the ordinary course of the business or the Borrower's ability to perform its obligations under the Loan Documents will not constitute an Event of Default.

(m) Cross Default. A default in this Agreement will constitute a default under the Acquisition Loan Documents and a default under any one or more of the Acquisition Loan Documents will constitute a default under this Agreement.

14. **Remedies.** Upon the occurrence of an Event of Default, Lender shall have the remedies described below, as applicable, and those remedies available under the terms of the other Loan Documents:

(a) **Acceleration.** Without notice or demand, declare the entire unpaid principal amount of the Note, together with any interest accrued thereon, immediately due and payable and proceed with any rights and remedies set forth in the Note, and/or one or more other Loan Documents or any combination thereof.

(b) **Judicial Relief.** Lender may proceed by suit or suits, at law or in equity, to enforce the payment of the Indebtedness. This remedy shall be cumulative of any other remedies available to the Lender under this Agreement or the other Loan Documents. Proceeding with a request or receiving a judgment for legal relief shall not be or be deemed to be an election of remedies or bar any available remedy of the Lender.

(c) **Lender Cure.** Use and apply any monies deposited by Borrower with Lender, regardless of the purpose for which the same were deposited, to cure any such Event of Default or to repay any indebtedness under the Loan Documents which is due and owing to Lender, and otherwise take such actions as Lender determines to be necessary or appropriate in order to cure any other Event of Default pursuant to the rights and powers afforded to Lender under the provisions of any of the Loan Documents, or by applicable law.

(d) **UCC Rights of Enforcement.** Lender may exercise its rights of enforcement under the Uniform Commercial Code.

(e) **Other.** Exercise such other rights or remedies as may be available to Lender hereunder, at law or in equity.

(f) **No Stay; Exemption/Moratorium.** Except as set forth below, Borrower shall not at any time insist upon, plead or in any manner whatsoever claim or take any benefit or advantage of any stay or extension or moratorium law, any exemption from execution or sale of pledged security, if any, wherever enacted, whether now or at any time hereafter in force, which may affect the covenants and terms of performance of this Agreement, nor claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of the pledged security, or any part thereof, prior to any sale or sales thereof which may be made pursuant to any provision herein, or pursuant to the decree, judgment or order of any court of competent jurisdiction, and covenants not to hinder, delay or impede the execution of any power herein granted or delegated to Lender, and shall suffer and permit the execution of every power as though no such law or laws had been made or enacted. Borrower for itself and all who may claim under it, waives, to the extent that it lawfully may, all right to have the pledged security or any part thereof marshalled upon any foreclosure hereof.

(g) **Cumulative Remedies.** No remedy conferred herein or in any other Loan Document upon or reserved to Lender is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law, in equity or by statute. No delay or omission of Lender in exercising any right or power accruing upon any Event of Default shall impair any such rights or power, or shall be construed to be a waiver of any such Event of Default or any acquiescence therein; and every power and remedy given by this Agreement to Lender may be exercised from time to time as often as may be deemed expedient by Lender. Nothing in this Agreement or in the Notes shall affect the obligation of the Borrower to pay the principal of, and interest on, the Note in the manner and at the time and place therein respectively expressed.

(h) Default Cure Period. Except for certain Events of Default described in the last sentence below, Lender shall not exercise any remedy under the Loan Documents under which a default has occurred unless such default has not been cured to the reasonable satisfaction of Lender: (i) within any applicable cure period specified in the Loan Documents, or, otherwise, (ii) within twenty (20) days after Borrower has knowledge of the occurrence of the default if no cure period is specified in the Loan Documents. This Section 14(h) shall not apply to any of the Events of Default described in any of Sections 13(d), (e) or (f) of this Agreement, for which there shall be no cure period.

15. *Reserved*

16. **Insurance.**

(a) Borrower shall, at its expense, provide or cause to be provided at all times during the Loan term the following policies of insurance:

(i) Commercial general liability insurance in an amount not less than \$1,000,000 per occurrence and \$2,000,000 general aggregate. Such coverage shall include but shall not be limited to broad form contractual liability, products and completed operations liability, independent contractor's liability, and cross liability protection.

(ii) Workers' compensation insurance as required by the California Labor Code and employer's liability insurance in an amount of not less than \$1,000,000 per accident or occupational illness and \$1,000,000 in aggregate.

(iii) Professional liability insurance coverage of at least \$2,000,000 for each claim, incident, or occurrence, and at least \$2,000,000 annual aggregate coverage.

(iv) Property insurance insuring against and covering (i) the building and all other improvements in, on, or to the Property (including, but not limited to, fixtures and improvements that may be made by or on behalf of Borrower), and (ii) trade fixtures, merchandise, and other personal property from time to time in, on, or upon the Property. Such policies shall include coverage in an amount not less than the greater of (i) the value of the Loan and (ii) one hundred percent (100%) of the actual replacement cost of the insured property from time to time during the term of this Agreement.

(b) The following insurance endorsements shall be required:

(i) Additional Insured. On Borrower's Property, Builder's Risk and CGL insurance policies Lender, its Board of Directors, and its officers, employees, and agents shall be named as additional insureds. The policies must be endorsed to provide that any failure to comply with the reporting provisions of the policy shall not affect coverage to Lender, its Board of Directors, or its officers, employees, or agents. The CGL additional insured endorsement must provide additional insured status until all Indebtedness is repaid in full.

(ii) Cancellation. On each of Borrower's insurance policies it shall obtain an endorsement which provides that Lender is entitled to 30 days prior written notice of cancellation or nonrenewal of the policy, or reduction in coverage, by certified mail, return receipt requested; if Borrower's insurance company does not provide this notice, Borrower shall provide Lender with copies of any written notice of cancellation within two (2) business days of receipt thereof.

(iii) Primary. On each of Borrower's insurance policies it shall obtain an endorsement which provides that the insurance afforded by the respective policy is primary to any insurance

or self-insurance of Lender, its Board of Directors, officers, directors, employees, or agents with respect to operations of the insured. Any insurance maintained by the Lender, its Board of Directors or its officers, employees, or agents shall be in excess of the Borrower's insurance and shall not contribute to it.

(iv) Waiver of Subrogation. On each of Borrower's insurance policies it shall obtain an endorsement which provides that the insurer will waive its right of subrogation against Lender, its Board of Directors and its officers, directors, employees and agents with respect to any losses paid under the terms of the respective policy which arise from work performed by Borrower in relation to this Agreement.

(v) Severability of Interest. On each of Borrower's insurance policies it shall obtain an endorsement which provides that the Borrower's insurance shall apply separately to Lender, its Board of Directors, officers, employees, and agents against whom a claim is made or suit is brought, except with respect to the limits of Borrower's liability.

(c) Borrower shall pay or cause to be paid as and when the same become due and payable the premiums for all insurance policies that Borrower is required to maintain hereunder. All such policies shall be non-assessable and shall contain such expiration dates as Lender may reasonably require. Borrower shall deliver to Lender concurrently herewith insurance certificates setting forth in reasonable detail the terms of all insurance policies that Borrower is required to maintain hereunder, together with true and complete copies of such policies. Borrower shall deliver to Lender, concurrently with each change in or renewal of any such insurance policy, a certificate with respect to such changed insurance policy certified by the insurance broker that procured or placed such policies, in the same form and containing the same information as the initial certificates required to be delivered by Borrower pursuant to this subparagraph and a certificate of Borrower certifying that all of the insurance policies maintained by Borrower pursuant hereto comply in all respects with the requirements of this Agreement, that all premiums then due thereon have been paid to the applicable insurers and that the same are in full force and effect.

(d) All insurers shall be authorized to issue insurance in the jurisdiction in which the Property is located and all insurers and reinsurers shall have the A.M. Best rating of "A-V" or better or otherwise be issued through CharterSAFE, a joint powers authority.

(e) In the event of a casualty loss:

(i) Borrower shall give immediate written notice to the insurance carrier and to Lender. If at any time during the occurrence or existence of a casualty loss an Event of Default shall exist and be continuing hereunder, Borrower hereby agrees that it authorizes and appoints, without any further action required, Lender as attorney in fact for Borrower to make proof of loss, to adjust and compromise any claims under policies of property damage insurance, to appear in and prosecute any action arising from such property damage insurance policies, to collect and receive the proceeds of property damage insurance, and to deduct from such proceeds Lender Expenses incurred in the collection of such proceeds. This power of attorney shall be coupled with an interest and therefore is irrevocable. However, nothing contained in this Section shall require Lender to incur any expense or take any action. Lender may, at its sole option, (A) hold the balance of such proceeds to be used to reimburse Borrower for the cost of restoring and repairing the Property to the equivalent of its original condition or to a condition approved by Lender (the "**Restoration**"), or (B) apply the balance of such proceeds to the payment of the Indebtedness, whether or not then due. To the extent Lender determines to apply insurance proceeds to Restoration, Lender shall do so in accordance with Lender's then-current policies relating to the restoration of casualty damage on similar properties.

(ii) Lender shall not exercise its option to apply insurance proceeds to the payment of the Indebtedness if all of the following conditions are met: (A) no Event of Default (or any event which, with the giving of notice or the passage of time, or both, would constitute an Event of Default) has occurred and is continuing; (B) Lender determines, in its reasonable discretion, that there will be sufficient funds to complete the Restoration; (D) Borrower continues to satisfy the Financial Covenants required under this Agreement.

(f) Borrower shall not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained under this Agreement unless Lender has approved the insurance company and the form and content of the insurance policy, including, without limitation, the naming thereon of Lender as a named insured. Borrower shall immediately notify Lender whenever any such separate insurance is taken out and shall promptly deliver to Lender the policy or policies or certificates of such insurance.

(g) During the continuation of an Event of Default, Lender may require that (i) Borrower deposit with Lender one-twelfth (1/12) of the annual premiums for insurance required under this Agreement, and Borrower shall accordingly make such deposits, and (ii) Borrower also deposit with Lender a sum of money which, together with the aforesaid monthly installments, will be sufficient to pay the insurance premiums for such insurance at least thirty (30) days before such payments are first due. If the amount of any such insurance premiums are not ascertainable at the time any such deposit is required to be made, the deposit shall be made on the basis of Lender's estimate thereof, and when such insurance premiums are fixed for the then-current year, Borrower shall promptly deposit any deficiency with the Lender.

All funds so deposited, until so applied, shall be held by the Lender without interest (except to the extent required under applicable laws), and may be commingled with other funds of the Lender so long as an Event of Default shall exist and be continuing hereunder; *provided* that if Borrower shall have supplied, in the manner set forth in the next sentence, the instructions, information and documents necessary for the Lender to make an effective application and payment of such funds, all funds so deposited shall be applied to the payment of insurance premiums in the order determined by Lender and in accordance with instructions to be furnished to Lender by Borrower. Borrower shall, at least thirty (30) days before the date on which any such insurance premiums first become payable, furnish the Lender with bills and instructions for the payment of such insurance premiums and/or such other documents as are necessary for the payment of the same. If Borrower has not complied with any of the foregoing, Lender may apply funds so deposited or deduct from the outstanding balance of the Loan in the order determined by Lender.

Upon any assignment of this Agreement by Lender, Lender shall have the right to pay over the unapplied balance of any amounts deposited pursuant to this Section, if any, to the assignee (or to a successor depository designated by such assignee) with an agreement to use the amounts transferred for the purposes required by this Section, and Lender shall thereupon be completely released from all liability with respect thereto. This provision shall apply to every transfer of such deposits to a new assignee (or a successor depository). When the Loan has been paid in full and all other obligations of Borrower under the Loan Documents have been performed and observed in full, Lender shall, and at any prior time Lender at its election may, pay over the unapplied balance of the deposits, if any, to the Borrower property or its designee and no other person shall have any right or claim thereto.

17. **No Personal Liability.** No member, officer, agent or employee of Lender, or its successors and assignees, shall be liable personally concerning any matters arising out of or in connection with the undertakings or obligations set forth in this Agreement.

18. **Entire Agreement; Amendment.** This Agreement and the other Loan Documents contain the entire agreement of the parties hereto with respect to the transactions contemplated hereby. This Agreement shall not be altered or amended without the prior written approval of all parties hereto.

19. **Notices.** Any notice, demand, request or other communication that any party may desire or may be required to give to any other party hereunder or under any Loan Document shall be given in writing, at the addresses set forth below, by any of the following means: (a) personal service; (b) electronic communication, whether by email or telecopier, together with confirmation of transmission; (c) overnight courier; or (d) registered or certified United States mail, postage prepaid, return receipt requested.

If to Borrower: Golden Opportunity Legacy Development LLC
Attn: Robert D. Golden Sr., CEO
741 W. Belmont
Fresno, CA 93728
Email: robert@goldencharteracademy.org

If to Lender: Pacific Charter School Development, Inc.
Attn: CEO, CFO or General Counsel
600 Wilshire Blvd., Suite 200
Los Angeles, CA 90210
Email: john@pacificcharter.org

Such addresses may be changed by notice to the other parties given in the same manner as herein provided. Any notice, demand, request or other communication sent pursuant to either subsection (a) or (b) above shall be served and effective upon such personal service or upon confirmation of transmission by such electronic means, provided that any communication sent by email shall not be effective until the recipient has acknowledged receipt of the substantive content of the email (i.e., an automatic reply does not suffice). Any notice, demand, request or other communication sent pursuant to subsection (c) above shall be deemed served and effective one (1) Business Day after deposit with the overnight courier. Any notice, demand, request or other communication sent pursuant to subsection (d) above shall be deemed served and effective three (3) Business Days after proper deposit with the United States Postal Service. A failure by Lender to deliver copies of notices to any party's counsel shall not in any way impair or diminish Lender's rights and remedies under this Agreement.

20. **Successors.** This Agreement shall bind, and its benefits shall inure to, the parties hereto, their legal representatives, successors in office or interest, and assigns; provided, however, that Borrower may not assign any of its interest, rights or obligations under this Agreement without the prior written approval of an authorized officer of Lender, which may be withheld or conditioned in Lender's sole discretion.

21. **Publicity.** Lender and each of its members reserve the right to publicize this Agreement and the making of the Loan subject to the consent of Borrower, which shall not be unreasonably withheld. Borrower shall notify Lender immediately of any formal publicity in connection with the School or the Property that is arranged or promoted by Borrower or any other party in connection with either Loan or its effects on the Project, the Property or Borrower. Formal publicity includes but is not limited to participation in news conferences and media events. The use of Lender's name in any signage is subject to Lender's prior written consent.

22. **Survival.**

(a) **Obligations.** Borrower's obligations as set forth in this Agreement shall survive the Closing Date, and Borrower shall continue to cooperate with Lender and furnish any documents, materials or showings required thereafter. In the event of a conflict between the terms and provisions of this Agreement and those of the other Loan Documents, the more restrictive terms and provisions shall control. The provisions of this Agreement shall remain in effect for the period ending on the date on which all payment and other obligations of Borrower under the Loan Documents have been fully satisfied.

(b) **Representations and Warranties.** All representations and warranties made by Borrower in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder until payment of the obligations and Indebtedness and shall be deemed made and reaffirmed by Borrower at the time of the making of each disbursement under the Loan, and the provisions of Section 29 hereof shall survive payment of the obligations.

23. **Construction of Agreement.**

(a) **Partial Invalidity.** If any term, covenant, condition or provision of this Agreement, or the application thereof to any circumstance, shall, at any time or to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement, or the application thereof to circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant, condition and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

(b) **Gender.** The use of the plural in this Agreement shall include the singular, the singular shall include the plural, and the use of any gender shall be deemed to include all genders.

(c) **Captions.** The captions used in this Agreement are inserted only as a matter of convenience and only for reference and in no way define, limit or describe the scope or the intent of any provision of this Agreement.

24. **Counterparts.** This Agreement may be executed in counterparts, and each counterpart shall, for all purposes for which an original of this Agreement must be produced or exhibited, be the Agreement, but all such counterparts shall constitute one and the same agreement.

25. **Non-Liability of Lender.** In no event shall Lender be liable to Borrower for consequential or incidental damages, including, without limitation, lost profits, whatever the nature of the breach by Lender of its obligations under this Agreement or the Loan Documents or in connection herewith, and Borrower waives all claims for consequential and incidental damages and for all damages described in Section 26 hereof.

26. **Funding.** The parties acknowledge that the Loan is to be funded with monies provided by Lender, and that Lender is under no obligation to disburse such funds unless and until all necessary preconditions to disbursement set forth herein and in the other Loan Documents shall have been satisfied to the satisfaction of Lender, and that if all conditions precedent to funding are not satisfied, significant time delays might occur in the funding of such monies by Lender. Without limiting the generality of Section 25 of this Agreement, in no event shall Lender be liable to Borrower for any damages whatsoever which might result in whole or in part from any such delays in funding any Loan Proceeds.

27. **Indemnification of Lender.** Borrower hereby agrees to indemnify Lender and defend and save it harmless from and against any and all claims, actions, damages, costs, liabilities and expenses, including, without limitation, attorneys' fees, incurred by Lender in connection with the Property or the Project or occasioned wholly or in part by any act or omission of Borrower, its officers, directors, partners,

managers, members, agents, contractors, employees or tenants, unless caused by Lender's gross negligence or willful misconduct. Without limiting the generality of the foregoing, in case Lender shall, without fault on its part, be made a party to any litigation commenced by or against Borrower, then Borrower shall protect and hold Lender harmless and shall pay all costs, expenses and attorneys' fees incurred or paid by Lender in connection with such litigation. The obligations of Borrower under this Section 27 shall survive the making and repayment of the Loan.

28. **Governing Law and Venue.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of law. The Lender and Borrower further agree that upon an Event of Default, this Agreement may be enforced in accordance with Section 29 and they do hereby submit to venue in Fresno County.

29. **Procedures for Judicial Reference.** In the event Borrower disputes Lender's determination that an Event of Default has occurred under Section 13 hereof (with the exception of Borrower's failure to (a) procure and maintain the insurance policies provided in Section 16 or (b) cause any lien of the character in Section 8(e) to be discharged in and when required thereunder) (each, a "Dispute"), such Dispute shall be heard by a referee and resolved by judicial reference pursuant to California Code of Civil Procedure Sections 638, et seq., as follows:

(a) The referee shall be a retired California state court judge or an attorney licensed to practice law in the State of California with at least ten (10) years' experience practicing commercial real estate law. Neither Lender nor Borrower shall seek to appoint a referee that may be disqualified pursuant to California Code of Civil Procedure Section 641 or 641.2 without the prior written consent of both Lender and Borrower.

(b) If Lender and Borrower are unable to agree upon a referee within ten (10) calendar days after Borrower serves a written notice of intent for judicial reference upon Lender, then the referee will be selected by the court in accordance with California Code of Civil Procedure Section 640(b).

(c) The referee shall conduct the proceedings in accordance with the California Code of Civil Procedure, the Rules of Court, and California Evidence Code, except as otherwise specifically agreed by the parties and approved by the referee and shall issue a reasoned written opinion reflecting the referee's findings and decision. The decision of the referee shall be entered as a judgment in the court in accordance with the provisions of California Code of Civil Procedure Sections 644 and 645. The decision of the referee shall be appealable to the same extent and in the same manner that such decision would be appealable if rendered by a judge of the superior court.

(d) During the pendency of any Dispute which is submitted to judicial reference in accordance with the Note or Loan Agreement, Borrower shall bear the cost of the fees charged and costs incurred by the referee in performing the services described in this Section 29. The compensation of the referee shall not exceed the prevailing rate for like services. The prevailing party shall be entitled to reasonable court costs and legal fees, including customary attorney fees, expert witness fees, paralegal fees, the fees of the referee and other reasonable costs and disbursements charged to the prevailing party by its counsel, in such amount as is determined by the referee.

(e) NOTICE: BY INITIALING IN THE SPACE BELOW, YOU ARE AGREEING TO HAVE ANY "DISPUTE" AS DEFINED IN THIS SECTION 29 AND ANY LENDER DISPUTE IDENTIFIED IN SECTION 29.(f) DECIDED BY A NEUTRAL PARTY AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE SUCH DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW, YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL. IF

YOU REFUSE TO SUBMIT TO JUDICIAL REFERENCE AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO SUBMIT TO JUDICIAL REFERENCE UNDER THE AUTHORITY OF THE APPLICABLE PROVISIONS OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THE PROVISIONS OF THIS SECTION 29 IS VOLUNTARY.

THE UNDERSIGNED HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT ANY "DISPUTE" AS DEFINED IN THIS SECTION 29 TO A NEUTRAL DECISION MAKER.

Lender's Initials: _____

Borrower's Initials: _____

(f) Lender's Default. In the event Borrower alleges a default by Lender under the Note or this Agreement and Lender disputes Borrower's determination that such default has occurred, such dispute shall be heard by a referee and resolved by judicial reference pursuant to California Code of Civil Procedure Sections 638, et seq. and in the manner set forth in Section 29 of this Agreement.

30. **Severability.** If any provision of this Agreement shall for any reason be held to be illegal, invalid, or unenforceable, no other provision of this Agreement shall be affected thereby, but this Agreement shall be construed as if such illegal, invalid, or unenforceable provision had never been contained herein.

[SIGNATURE PAGES FOLLOW]

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

LENDER

**PACIFIC CHARTER SCHOOL
DEVELOPMENT, INC.**

By: _____

Name: Scarlet Sy

Its: Chief Financial Officer

BORROWER

**GOLDEN OPPORTUNITY LEGACY
DEVELOPMENT LLC**

By: The Golden Charter Academy, its sole member
and manager

By: _____

Name: Robert D. Golden Sr.

Its: President & CEO

EXHIBIT A

LEGAL DESCRIPTION

EXHIBIT B

TITLE POLICY PRO FORMA

EXHIBIT C
DISBURSEMENT CONDITIONS