

LOAN AGREEMENT
(Line of Credit)

Principal	Loan Date	Maturity Date	Loan No	Officer
\$500,000.00	06- - 2022	11- 01 - 2023	375761000	William Robison
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.				

THIS LOAN AGREEMENT (this “**Agreement**”) is made and entered into as of June __, 2022 (the “**Effective Date**”), by and between (i) **CAPITAL IMPACT PARTNERS**, a non-profit corporation organized under the laws of the District of Columbia at the direction of the United States Congress in 12 U.S.C. § 3051 (together with its successors and assigns, “**Lender**”), having its principal place of business at 1400 Crystal Drive, Suite 500, Arlington, Virginia 22202, and (ii) **ARISE HIGH SCHOOL** a California nonprofit public benefit corporation (“**Borrower**”), having its principal place of business at 3301 E. 12th Street, Suite 205, Oakland, CA 94601, on the following terms and conditions.

I. DEFINITIONS, CONDITIONS AND ACCOUNTING TERMS.

1.1 Definitions. For purposes of this Agreement, capitalized terms used in the Loan Documents have the meanings set forth in this Agreement.

Advance means any disbursement to Borrower of Loan Proceeds, each of which Advance shall be made by Lender pursuant to a Borrowing Request submitted by Borrower and to the extent approved by Lender, provided that the amount of each Advance shall not exceed the maximum available credit available determined by Lender pursuant to the Borrowing Base Calculation, nor shall any Advance, when taken together with all outstanding and unpaid principal due under the Loan, exceed the maximum principal amount of the Loan.

Affiliates means any Person: (i) which directly or indirectly controls, or is controlled by, or is under common control with Borrower; (ii) which directly or indirectly beneficially owns or holds fifty percent (50%) or more of any class of voting stock of Borrower; or (iii) of which fifty percent (50%) or more of its voting stock is directly or indirectly beneficially owned or held by Borrower. The term control means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

Agreement has the meaning given to that term in the preamble of this Agreement.

Annual Certificate of Performance has the meaning set forth in **Section 4.7.2** hereof and shall be in the form attached hereto as **Exhibit B**.

Annual Financial Statements has the meaning set forth in **Section 4.7.2** hereof.

Annual Receivables Report has the meaning set forth in **Section 4.7.7** hereof.

Annual School Report has the meaning set forth in **Section 4.7.6** hereof.

Anti-Corruption Laws means the principles set forth in the Organisation for Economic Cooperation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (“**OECD Convention**”); the anti-bribery laws implementing the OECD Convention, such as the United States Foreign Corrupt Practices Act, United Kingdom Bribery Act, South Africa Prevention and Combating of Corrupt Activities Act; and other national anti-bribery laws to which Borrower’s activities and operations may be subject.

Anti-Terrorism Law means any Legal Requirement related to money laundering or financing terrorism including the PATRIOT Act, the Currency and Foreign Transactions Reporting Act (31 U.S.C. §§ 5311-5330 and 12 U.S.C. §§ 1818(s), 1820(b) and 1951-1959), also known as the Bank Secrecy Act, the Trading With the Enemy Act (50 U.S.C. § 1, et seq.) and Executive Order 13224 (effective September 24, 2001).

Attorney has the meaning set forth in **Section 17.1.10** hereof.

Bankruptcy Code means the provisions of Title 11 of the United States Code, 11 U.S.C. §§1101 et seq.

Blocked Person means any Person that (a) is publicly identified on the most current list of “Specially Designated Nationals and Blocked Persons” published by OFAC or resides, is organized or chartered, or has a place of business in a country or territory subject to OFAC sanctions or embargo programs, or (b) is publicly identified as prohibited from doing business with the United States under the International Emergency Economic Powers Act, the Trading With the Enemy Act, or any other Legal Requirement.

Borrower has the meaning given to that term in the preamble of this Agreement and its permitted successors and assigns, if any.

Borrowing Base Calculation means the methodology by which Lender shall determine, from time to time, the amount of credit that may be extended to Borrower upon receipt of a Borrowing Request. For purposes of the Loan, Advances shall not exceed the sum, rounded to the nearest \$1,000.00, of the amount which is equal to seventy percent (70%) of Borrower’s state and federal receivables.

Borrowing Base Certificate means a written certification by an officer of Borrower setting forth the name and amount of accounts and grant receivables payable to Borrower on the date of such certification, and accompanied by such documentation as Lender shall deem reasonable in order to accurately perform the Borrowing Base Calculation for the requested Advance. Each Borrowing Base Certificate shall be acceptable to Lender in its commercially reasonable discretion.

Borrowing Base Report has the meaning set forth in **Section 2.1.4** below.

Borrowing Request means a written request submitted by Borrower to Lender setting forth the amount of credit being requested for any Advance, which such Borrower Request shall include invoices and other documentation reasonably requested by Lender to substantiate the purpose and use of the Advance to be made pursuant to the Borrowing Request.

Business Day means any day other than a Saturday, a Sunday or any other day on which commercial banks in the Commonwealth of Virginia or State of California are required or permitted by law to close.

Charter Authorizer means the Oakland Unified School District.

Charter School Requirements means the obligations, restrictions, and requirements set forth in the School Charter, the School Act and in any and all other laws, rules, regulations, policies, and procedures applicable to the operation of the School.

Closing Date means (i) the Effective Date or (ii) such other date as Lender and Borrower may otherwise agree.

Code means the United States Internal Revenue Code of 1986, as amended.

Collateral means, collectively, all of Borrower’s right, title and interest in the “Collateral” as defined in the Security Agreement.

Commitment Fee has the meaning set forth in **Section 2.2.3** below.

Content has the meaning set forth in **Section 4.22** below.

Debtor Relief Law(s) means the Bankruptcy Code of the United States, as amended and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

Default Rate has the meaning set forth in the Note.

Dollars, \$ or U.S. Dollars means the lawful money of the United States of America.

Event of Default has the meaning given to that term in **Article VIII** of this Agreement.

Financial Covenants has the meaning set forth in **Section 4.9** hereof.

Financing Statement means one or more UCC-1 financing statement(s) authorized by Borrower hereunder and naming Borrower as debtor and naming Lender as the secured party, providing for a blanket Lien on substantially all the assets of Borrower, which shall be satisfactory to Lender in all respects.

GAAP means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied. Unless otherwise expressly specified herein, all accounting terms used in this Agreement shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, on an accrual basis in accordance with GAAP.

Governmental Authority means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government having the force of law.

Indebtedness means, for any Person: (i) all indebtedness or other obligations of such Person for borrowed money or for the deferred purchase price of property or services; (ii) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses; (iii) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property); (iv) all reimbursement or other obligations of such Person under or in respect of letters of credit and bankers acceptances; (v) all reimbursement or other obligations of such Person in respect of any bank guaranties, surety bonds and similar instruments issued for the account of such Person or as to which such Person is otherwise liable for reimbursement of drawings or payments; and (vi) all guaranties of Indebtedness of another person and all Indebtedness of another Person secured by any Lien upon or in property owned by the Person for whom Indebtedness is being determined, whether or not such Person has assumed or become liable for the payment of such Indebtedness of such other Person.

Indemnified Party has the meaning set forth in **Article XV** hereof.

Legal Requirements applicable to any property or Person means: (i) all decisions, statutes, ordinances, rulings, directions, rules, regulations, orders, writs, decrees, injunctions, permits, certificates, or other requirements of any court or other Governmental Authority in any way applicable to or affecting such property or such Person or its business, operations, or assets having the force of law; and (ii) all such person's bylaws and articles of incorporation or partnership, limited partnership, joint venture, trust or other form of business association agreement. As to the Collateral, such term, includes, without limitation, all legal requirements relating to the acquisition, development, ownership, use, occupancy, possession, operation, maintenance, alteration and repair thereof, as well as all related permits, easements, covenants, restrictions and similar items.

Lender has the meaning given to that term in the preamble of this Agreement.

Lien means, with respect to any asset, any mortgage, deed of trust, lien (statutory or otherwise), pledge, charge, security interest, hypothecation, assignment or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to give a security interest in and any authorized filing of or agreement to give any financing statement under the UCC (or equivalent statutes) of any jurisdiction.

Loan means the loan made by Lender to Borrower pursuant to this Agreement and the other Loan Documents in the maximum original principal amount of Five Hundred Thousand Dollars (\$500,000.00).

Loan Documents means this Agreement, the Note, the Security Agreement and all other promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security deeds, collateral mortgages, guaranties, Financing Statement and all other instruments, agreements and documents, whether now or hereafter existing, executed by Borrower in connection with the Loan.

Loan Proceeds means the proceeds of the Loan to be advanced and re-advanced upon and subject to the provisions of this Agreement.

Maturity Date means November 1, 2023, as the same may be extended pursuant to **Section 2.1.5** hereof or such earlier date that the Loan is accelerated or it otherwise becomes due and payable.

Maturity Extension Amendment means an amendment to this Agreement executed or to be executed by Borrower and Lender in order to extend the Maturity Date for one (1) year pursuant to the terms of **Section 2.1.5** hereof, which Maturity Extension Amendment shall be in the form attached hereto as **Exhibit C**.

Maximum Aggregate Principal Amount means Five Hundred Thousand Dollars (\$500,000.00),

Maximum Available Loan Amount has the meaning set forth in **Section 2.1.1** hereof. For informational purposes, the Maximum Available Loan Amount as of the Date of Closing is \$500,000.00.

Note means that certain Promissory Note of even date herewith made by Borrower and payable to the order of Lender evidencing the Loan, together with all modifications, amendments, renewals, extensions, replacements, and substitutions thereof or therefor.

Obligations means the Loan and any and all other liabilities and obligations of Borrower to Lender, whether now existing or hereafter created or arising, direct or indirect, matured or unmatured, and whether absolute or contingent, joint, several or joint and several, and no matter how the same may be evidenced including interest and fees that accrue after the commencement by or against Borrower of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. Without limiting the generality of the foregoing the term Obligations means and includes the Indebtedness evidenced by the Note or any of the other Loan Documents, including all principal and interest, fees, costs and expenses for which Borrower is responsible under this Agreement or under any of the other Loan Documents, and all covenants, agreements, duties and other obligations hereunder and under the other Loan Documents.

OFAC has the meaning set forth in **Section 3.21** hereof.

Operating Permits means all permits, licenses, approvals, authorizations, consents, franchises, patents, copyrights, trademarks, and trade names, agreements and other instruments, or rights thereto, that are necessary or required for Borrower to operate its business and the Collateral as a nonprofit charter school.

PATRIOT Act means Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. 107-56, signed into law October 26, 2001).

Permitted Indebtedness means: (i) Indebtedness to Lender, including without limitation the TI Loan; (ii) such other Indebtedness existing on the date hereof and disclosed to, and expressly approved in writing by, Lender; and (iii) such other Indebtedness incurred in the ordinary course of the operation of Borrower's business, but at no time shall such ordinary debt exceed \$50,000, in the aggregate; provided, however that the prior written consent of Lender shall be required in connection with any and all additional debt undertaken by Borrower from and after the date on which Borrower fails to satisfy any of the Financial Covenants, which consent by Lender shall not be unreasonably withheld, conditioned or delayed.

Permitted Liens means: (i) liens and security interests securing Obligations owed by Borrower to Lender; (ii) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (iii) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent or are being contested in good faith; (iv) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in connection with any Permitted Indebtedness; and (v) such other liens and security interests which, as of the date of this Agreement, have been disclosed to and expressly approved by Lender in writing in its sole and absolute discretion.

Person means an individual, corporation, partnership, limited liability company, trust, unincorporated association, government, governmental authority or other entity, as the context may require.

Property Taxes means any form of real estate or personal property tax or assessment, general, special, ordinary or extraordinary, and any license fee, commercial rental tax, improvement bond or bonds, levy or tax (other than inheritance, personal income or estate taxes) imposed on the Collateral by any authority having the power to tax, including, without limitation, any city, state or federal government, or any school, agricultural, sanitary, fire, street, drainage or other improvement

district thereof, as against any legal or equitable interest of Borrower in the Collateral, and any tax, fee, levy, assessment or charge imposed in partial or total substitution for any such tax, fee, levy, assessment or by reason of the transactions contemplated by the Loan Documents.

Quarterly Financial Statements has the meaning set forth in **Section 4.7.3** hereof.

Required Insurance means all insurance coverage with respect to Borrower and the Collateral as Lender shall require from time to time. Required Insurance for the Collateral and Borrower as of the Closing Date is set forth on **Exhibit A** attached hereto. Borrower shall also provide Lender with evidence: (1) of workers' compensation insurance, with statutory coverage limits; (2) that all insurance premiums have been paid at least one (1) year in advance; and (3) of such other insurance coverages, or information with respect to the insurance required hereby, as Lender may reasonably request. All insurance policies shall be issued by a company or companies in all respects satisfactory to Lender, and copies of the originals of the policies (or at Lender's option, certificates of insurance) shall be deposited with Lender throughout the entire term of the Loan.

Sanctions has the meaning set forth in **Section 3.21** hereof.

School means the charter school or schools owned and operated by Borrower and known as Arise High School.

School Act means any and all laws, rules and regulations adopted by the State of California with respect to the chartering, licensing, owning and operating charter schools in the State of California and Oakland Unified School District.

School Charter means the charter authorization owned or controlled by Borrower, allowing Borrower to operate the School as nonprofit charter schools in the State of California, by and between Borrower and the Charter Authorizer, for the periods set forth therein, together with Borrower's application for the School Charter, and renewals thereof and all exhibits, addenda and schedules attached to or incorporated into the School Charter, as the same may otherwise be amended, restated, supplemented, modified, extended.

Security Agreement means that certain Security Agreement made by Borrower for the benefit of Lender on the date hereof, pursuant to which Borrower has pledged to Lender substantially all of Borrower's right, title and interest in and to all business assets of Borrower more specifically identified therein, including, without limitation, the Collateral.

TI Loan means that certain loan in the original principal amount of \$1,400,000 made by Lender to Borrower pursuant to a certain Loan Agreement and other documents evidencing and securing such loan, dated as of June 19, 2019, and used to construct certain tenant improvements in the School.

UCC means the Uniform Commercial Code as the same may from time to time be in effect in the State of California, or of another jurisdiction, to the extent it may be required to apply to any item or items of Collateral.

1.2 Interpretation. Unless the context of this Agreement or other Loan Documents otherwise clearly require, reference to the plural include the singular and the singular the plural. The word "Borrower" shall mean "each Borrower and its successors and assigns;" the word "Lender" shall mean "Lender or any subsequent holder of the Note"; the word "Note" shall mean "the Note or other evidence of Obligations secured by the Collateral and the other Loan Documents;" and the terms "include", "including" and similar terms shall be construed as if followed by the phrase "without being limited to." Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa. All references to dollar amounts shall mean amounts in lawful money of the United States of America. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with GAAP as in effect on the date of this Agreement. Article, Section and Subsection references are to this Agreement unless otherwise specified.

II. LOAN TRANSACTION.

2.1 Terms of Loan.

2.1.1 Subject to the terms and conditions contained in this Agreement, on the Closing Date and thereafter, Lender agrees to make revolving credit loans, which shall together constitute the Loan, in the maximum aggregate principal amount at any one time outstanding of Five Hundred Thousand Dollars (\$500,000.00), or so much thereof as shall be advanced

or re-advanced by Lender; provided, however, that the amount of credit available to Borrower at any time during the term of the Loan (the “**Maximum Available Loan Amount**”) shall be determined by Lender based on the then applicable Borrowing Base Calculation and shall in no event exceed the Maximum Aggregate Principal Amount. If at any time and for any reason, the amount outstanding on the Loan exceeds the Maximum Available Loan Amount, then, within thirty (30) calendar days after Lender or Borrower become aware of such circumstance, Borrower shall make a repayment to Lender in an amount necessary to bring the principal balance outstanding under the Loan to at or below the Maximum Available Loan Amount. Borrower shall request Advances of Loan Proceeds pursuant to Borrowing Requests submitted to and approved by Lender, provided that (i) the aggregate principal amount at any one time outstanding shall not exceed the Maximum Available Loan Amount, (ii) Borrower shall have provided to Lender a written Borrowing Request for each Advance at least ten (10) Business Days prior to the date on which Borrower has designated to receive such Advance, (iii) the amount of each such Advance shall not be less than Fifty Thousand Dollars (\$50,000.00), and (iv) Borrower shall not submit Borrowing Requests more often than once in any thirty (30) day period.

2.1.2 The Borrowing Base Calculation applicable to any Advance shall be determined by Lender based on the then current Annual Receivables Report. For purposes of determining the Borrowing Base Calculation, Lender’s borrowing base will be the amount that is equal to the aggregate of 70% of Borrower’s aggregate state and federal receivables; rounded to the nearest \$1,000.00, which receivables shall be presented to Lender in the then current Annual Receivables Report provided to Lender pursuant to **Section 4.7.7** below. Data contained in applicable Annual Receivables Reports shall be included in each Borrowing Base Certificate submitted to Lender in connection with any relevant Borrowing Request. Each Borrowing Base Certificate prepared and submitted by Borrower shall be approved by Lender in its commercially reasonable discretion. Lender’s borrowing base shall be re-calculated every fiscal year using the most recent Annual Receivables Report.

2.1.3 Within thirty (30) days following the end of each fiscal year of Borrower, Borrower shall pay to Lender an annual “unused line fee” equal to thirty-five basis points (0.35%) of the difference, if positive, between (i) the Maximum Aggregate Principal Amount specified in **Section 2.1.1** above and (ii) the average daily aggregate amount outstanding during the immediately preceding fiscal year or portion thereof.

2.1.4 Borrower shall cause the principal balance of the Loan to be paid down and remain at zero for a period of at least thirty (30) successive days at least one time during the term of the Loan, and during any one-year extension of the Loan pursuant to **Section 2.1.5** below.

2.1.5 Borrower, with Lender’s consent, shall have the right to extend the Maturity Date until November 1, 2023. In order to exercise such right, Borrower shall execute and deliver to Lender, no later than September 1, 2023, a Maturity Extension Amendment in the form attached hereto as **Exhibit C**. Provided that Lender agrees, in its reasonable discretion, to the extension being sought by Borrower, and provided that no Event of Default then exists hereunder, then, on or prior to September 1, 2023, Lender shall counter-sign the Maturity Extension Amendment and return a fully executed copy of same to Borrower, in which event the Maturity Date shall be extended until November 1, 2024. For such extension of the Maturity Date, the Maturity Extension Amendment submitted by Borrower to Lender shall be accompanied by an origination fee equal to one percent (1.00%) of the then Maximum Aggregate Principal Amount of the Loan.

2.1.6 Borrower’s obligation to repay the Loan shall be evidenced by the Note and secured by the security interests created and granted to Lender in the Security Agreement, which encumber Borrower’s ownership or leasehold interests in the Collateral. All sums advanced in connection with the Loan shall be deemed to be advanced under the Note and Lender is hereby authorized by Borrower to: (i) endorse on the Note the amount of each payment by Borrower of principal and interest; or (ii) enter the amount of such payment in Lender’s records, including, if applicable, Lender’s computer records, which endorsement or entry shall, in the absence of manifest error, be prima facie evidence of the outstanding balance of the Loan; provided, however, that the failure to make such endorsement or entry with respect to any payment shall not limit or otherwise affect the Obligations.

2.1.7 The Loan Proceeds shall be used solely to provide working capital to Borrower, as well as all ancillary uses related thereto, and to pay all closing costs, legal fees and any other financing costs related to the Loan approved by Lender. The Loan Proceeds shall not be used by Borrower to carry on propaganda or otherwise attempt to influence legislation, or to participate or intervene in any political campaign on behalf of, or in opposition to, any candidate for public office within the meaning of Section 501(c)(3), 170(c)(2)(D), or 4945(d)(1) of the Code, or to influence the outcome of any specific public election or to carry on, directly or indirectly, any voter registration drive within the meaning of Section 4945(d)(2) of the Code, or for the personal benefit of any officers, directors, or employees of Borrower.

2.2 Conditions to Making the Loan. Lender's obligation to make the Loan is conditioned upon Borrower's satisfaction of all of the following conditions precedent, each of which shall be in form and substance satisfactory to Lender in its sole and absolute discretion.

2.2.1 Documents. Lender shall have received all of the following instruments, information and documents, in form, content and execution acceptable to Lender:

(a) **Loan Documents.** The following Loan Documents:

- (i) this Agreement;
- (ii) the Note;
- (iii) the Security Agreement;
- (iv) the Financing Statement; and
- (v) any other Loan Documents reasonably required by Lender to be executed.

(b) **Third-Party Consents.** All consents and approvals reasonably required by Lender to be executed by any and all parties to contracts, agreements, entitlements and other arrangements assigned to Lender.

(c) **Intentionally Omitted.**

(d) **Organizational Documents.** Copies of all organizational documents of Borrower, which shall include Borrower's operating agreement, articles of organization, bylaws, articles of incorporation, certificate of limited partnership, partnership agreement and any amendments thereto filed with the Secretary of State of the State of California (the "Secretary"), as applicable, and respective constituent entities; a copy of Borrower's certificate of good standing in the State of California; all in form and content acceptable to Lender, accompanied by such Secretary of State certifications as Lender may reasonably require.

(e) **Authorization.** A certificate of an authorized officer as to organizational, authority and incumbency matters, evidencing, among other things, resolutions of Borrower duly authorizing the Loan and the placement of a lien on the assets of Borrower in order to secure the Loan, and such other resolutions, authorizations, documents and instruments as Lender may reasonably require as evidence of Borrower's authority to transact business and to enter into the transactions contemplated hereby.

(f) **Tax Status.** A copy of the letter issued by the Internal Revenue Service evidencing Borrower's status as a charitable, tax-exempt organization.

(g) **Lien Searches.** Receipt of such UCC, judgment, bankruptcy, pending litigation, tax and special searches on Borrower and the Collateral, as Lender reasonably may deem appropriate, which shall show the absence of any adverse interests or encumbrances.

(h) **Financial Statements.** Borrower's, true, correct and complete prepared audited financial statements for the period ending June 30, 2021 and true, correct and complete company prepared financial statements for the period ending April 30, 2022.

(i) **Underwriting Materials.** All information and due diligence materials reasonably requested by Lender in connection with its underwriting process. The information and materials provided to Lender shall be true and complete in all respects as of the date furnished and on the Closing Date.

(j) **Insurance.** Evidence that all Required Insurance has been placed (and remains in force) on the Collateral encumbered in connection with the Loan, in an amount required by Lender in its sole discretion.

(k) **School Charter and Operating Documents.** All documents, agreements and certifications relating to the operation of the School, each in a form acceptable to Lender, including without limitation (1) the School Charter for the School, (2) evidence that the School Charter is in effect and otherwise in good standing, and (3) evidence

of compliance with all applicable Charter School Requirements.

(l) **Miscellaneous.** Such other agreements, statements, papers and documents as may be required by this Agreement or as Lender may otherwise reasonably require.

(m) **Other Documents.** Any subordination, assignments or other agreements reasonably required by Lender and requested from Borrower in writing.

2.2.2 UCC-1 Financing Statement. The Financing Statement shall have been duly filed, before or concurrently with the closing of the Loan.

2.2.3 Loan Fee and Loan Expenses. Any fees associated with the Loan, document preparation fees, and all then-outstanding expenses related to the Loan, including recording fees, UCC filing and search fees, plus all other costs and charges associated with the closing of the Loan, including, without limitation, a commitment fee payable to Lender in the amount of Five Thousand Dollars (\$5,000) the “**Commitment Fee**”), and the fees and expenses of Lender’s in-house attorneys’ fees in the aggregate amount of Five Thousand Dollars (\$5,000), shall have been paid by Borrower or otherwise provided for (less any portion of such fees that Borrower has already paid to Lender).

2.2.4 No Material Adverse Change. There shall have occurred no material adverse change in the financial condition or operations of Borrower since the date of Borrower’s most recent financial statements submitted to Lender.

2.2.5 No Default. Borrower shall have complied with all reasonable and/or customary requirements of Lender.

2.2.6 Eligible Borrower. Borrower shall have furnished sufficient information for Lender to verify that Borrower is an “eligible borrower” under the National Consumer Cooperative Bank Act, as amended, at 12 U.S.C. Section 3001 et seq., in accordance with Lender’s policies.

2.2.7 Representations and Warranties. The representations and warranties contained herein and in each written document executed and delivered by Borrower to Lender in connection with this Agreement shall be true and correct in all material respects to the same extent as though made on and as of such date.

2.3 Change of Law. Notwithstanding any other provision herein, if after the date of this Agreement any change in applicable law or regulation or in the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of law) shall change the basis of taxation (including without limitation the imposition of any stamp tax or transaction tax) of payments to Lender of the principal of or interest on the Loan made or any fees or other amounts payable hereunder (other than changes in respect of taxes imposed on the income of Lender by the jurisdiction in which Lender is organized or has its principal office or is operating or doing business or, in either case, by any political subdivision or taxing authority therein), or shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of or credit extended by Lender or shall impose on Lender or the interbank Eurodollar market any other condition affecting this Agreement or the Loan, and the result of any of the foregoing shall be to increase the cost to Lender of making or maintaining the Loan or to reduce the amount of any sum received or receivable by Lender hereunder (whether of principal, interest or otherwise) by an amount deemed by Lender to be material, then Borrower will pay to Lender such additional amount or amounts as will compensate Lender for such additional costs incurred or reduction suffered. Lender will notify Borrower in writing that Lender is entitled to compensation pursuant to this **Section 2.3** as promptly as practicable after it determines to request such compensation.

2.4 Failure to Close Loan. Notwithstanding anything herein to the contrary, if the Loan has not funded and the Financing Statement has not been filed in the Official Records of the Secretary by August 31, 2022 or such later date as the parties may otherwise agree because Borrower has failed to satisfy all such conditions, Lender may at its option terminate this Agreement, in which event Borrower shall pay to Lender an amount sufficient to pay all reasonable out-of-pocket expenses incurred by Lender arising from or relating to this Agreement, including without limitation, the fees and costs of Lender’s attorneys.

III. REPRESENTATIONS AND WARRANTIES.

In order to induce Lender to enter into this Agreement and to make the Loan, Borrower represents and warrants to Lender, as of the date of this Agreement, the date of any renewal, extension or modification of the Loan, and at all times any Obligations exist:

3.1 Organization; Power and Authority; Ownership. Borrower is a nonprofit public benefit corporation which is, and at all times shall be, duly organized, validly existing, and in good standing under the laws of the State of California. Borrower is qualified to do business under the laws of all jurisdictions in which the nature of its business or the location of any of its properties requires qualification. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Borrower maintains its principal office as provided in the preamble to this Agreement. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Lender prior to any change in the location of Borrower's state of organization, any change in Borrower's name or any change in the location of its principal office., rules, ordinances, statutes, orders and decrees of any Governmental Authority or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

3.2 Nonprofit Status. Borrower is an organization described in §501(c)(3) of the Code and has received a determination letter from the Internal Revenue Service to such effect. Borrower has not directly or indirectly, engaged in any transaction or activity that could cause its tax exemption to be revoked for any year, including the current year and no such transaction or activity, including the activities contemplated by this Agreement, is presently contemplated or under consideration. The transactions contemplated in this Agreement are within the scope of, in furtherance of, and do not conflict with, Borrower's exempt purposes as set forth in its organizational documents.

3.3 Assumed Business Names. Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower and the names of the, School, the following is a complete list of all assumed business names under which Borrower does business: None.

3.4 Performance. The execution, delivery and performance by Borrower of each of the Loan Documents to which it is a party, consummation of the transactions contemplated thereby, and compliance with the provisions thereof have been duly authorized by all necessary action by Borrower and do not and will not: (i) require any consent or approval which has not been obtained; (ii) contravene Borrower's charter, bylaws, operating agreement or partnership agreement, as applicable; (iii) violate or cause Borrower to default under any provision of any law, rule, regulation (including, without limitation, Regulation U of the Board of Governors of the Federal Reserve System), order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to Borrower; (iv) result in a breach of or constitute a default under any indenture or loan or credit agreement or any other agreement, lease or instrument to which Borrower is a party or by which Borrower or its properties may be bound or affected; or (v) result in, or require, the creation or imposition of any Lien, upon or with respect to any of the properties now owned or hereafter acquired by Borrower (except for Permitted Liens).

3.5 Financial Information. All financial data and financial statements delivered to Lender concerning Borrower, or the Collateral present, in all material respects, a complete and accurate description of the financial condition and the prospects of Borrower or the Collateral, as the case may be, and all material liabilities, fixed or contingent, are fully shown or provided for in such financial statements, and there has been no material adverse change which would affect the financial condition of Borrower, or the Collateral since the date of the most recent such financial data or statements.

3.6 Legal Effect. This Agreement is, and each of the other Loan Documents and any instrument or agreement Borrower is required to give or execute under this Agreement or any other Loan Documents, when delivered, as applicable, will be legal, valid, and binding obligations of Borrower and its successors and assigns, enforceable against Borrower and its successors and assigns in accordance with their respective terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency, and other similar laws affecting creditors' rights generally.

3.7 Properties. Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of the Collateral, free and clear of all security interests, liens or encumbrances, and has not executed any security documents or financing statements relating to the Collateral or any portion thereof. All of the Collateral is titled in Borrower's legal name, and Borrower has not used, filed a financing statement or had a financing statement filed, under any other name for at least the last five (5) years.

3.8 Enforceability of Security Interest. To the extent the Collateral consists of accounts, chattel paper, or general intangibles, as defined by the UCC, the security interest in the Collateral granted to Lender is enforceable in accordance

with its terms, is genuine, and fully complies with all applicable laws and regulations concerning form, content and manner of preparation and execution, and all persons appearing to be obligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be on such Collateral. There shall be no setoffs or counterclaims against any of the Collateral, and no agreement shall have been made under which any deductions or discounts may be claimed concerning the Collateral except those disclosed to Lender in writing.

3.9 Perfected Liens. This Agreement together with the Security Agreement creates a valid and continuing security interest in the Collateral and (a) upon completion of the filing of a financing statement with the Secretary (with respect to any Collateral in which a security interest may be perfected by filing a financing statement under the UCC), or upon the completion of such other actions as required by applicable law contemplated hereunder as may be necessary to perfect the security interests granted hereunder, as the case may be, will constitute valid perfected security interests in all of the Collateral in favor of Lender, as collateral security for the Obligations and (b) upon completion of the filings or other actions referred to in the foregoing clause (a), as applicable, are prior to all other Liens on the Collateral in existence on the date hereof except for Permitted Liens.

3.10 Insurance. Each insurance policy currently owned or held by Borrower is in full force and effect and satisfies all of the requirements for Required Insurance as set forth herein.

3.11 Interest in Collateral. No Person, party, firm or corporation has (1) any possessory interest (other than Permitted Liens) in Borrower's rights to the Collateral, or (2) an option to purchase all or a substantial portion of the Collateral or an interest therein.

3.12 Fire or other Casualty. The Collateral has not been damaged by fire, water, wind or other cause of loss or any previous damage has been fully restored.

3.13 Litigation and Claims. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower (including its members and the officers or principals thereof), its properties, or any of the Collateral is pending except as disclosed to Lender, and no other event has occurred that may materially adversely affect the financial condition of Borrower, including without limitation, the operation of its business, the ability of Borrower to perform the Obligations, or the validity or enforceability of any of the Loan Documents.

3.14 Taxes. Borrower has filed all tax returns and reports required to be filed with the United States government or with any state or local government, and has paid in full or made adequate provision on its books for the payment of all taxes, assessments, governmental charges, interest, penalties or deficiencies shown to be due or claimed to be due on or in respect of such tax returns and reports, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

3.15 Bankruptcy, Reorganization or Insolvency. Borrower is not currently: (1) the subject of or a party to any completed or pending proceeding under any Debtor Relief Laws; or (2) the subject of any judgment unsatisfied of record or docketed in any court of the state in which its properties are located or in any court located in the United States.

3.16 Permitted Liens. Except for Permitted Liens, unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any security agreements, or permitted the filing or attachment of any security interests on or affecting the Collateral that would be prior or that may in any way be superior or subordinate to Lender's security interests and rights in and to the Collateral.

3.17 Binding Effect. This Agreement, the Note and all other Loan Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

3.18 Other Agreements. Borrower is not in default in any respect in the performance, observance, or fulfillment of any of the obligations, covenants, or conditions contained in any agreement or instrument to which it is a party, which default may materially and adversely affect the ability of Borrower to operate its businesses as presently contemplated or to perform its obligations under any of the Loan Documents.

3.19 Brokerage Commissions. Borrower has not dealt with any person, firm or corporation who is or may be entitled to any finder's fee, brokerage commission, loan commission or other sum in connection with the Loan.

3.20 Accuracy of Submitted Information; Omissions. All documents, certificates, information, materials and financial statements furnished to Lender pursuant to this Agreement or otherwise in connection with the Loan: (1) are true and correct in all material respects; (2) do not contain any untrue statement of a material fact; and (3) do not omit any material fact necessary to make the statements contained therein or herein not misleading. There is no fact known to Borrower which Borrower has not disclosed to Lender in writing which materially adversely affects, or, so far as Borrower can now foresee, could materially adversely affect, the properties, business, prospects, profits or condition (financial or otherwise) of Borrower or the ability of Borrower to perform its obligations under this Agreement, any other Loan Documents or any Lease.

3.21 Foreign Person. Borrower is not a foreign corporation, foreign partnership, foreign trust, foreign estate or other foreign person as such terms are defined in the Code. The representations and certifications made under this **Section 3.20** are made under penalties of perjury.

3.22 Anti-Terrorism and Anti-Money Laundering. Borrower represents, warrants and agrees as follows:

3.22.1 Neither Borrower nor, to the knowledge of Borrower, any Affiliate of Borrower or their respective officers, directors, brokers or agents has: (i) violated any Anti-Terrorism Laws; (ii) engaged in any transaction, investment, undertaking or activity that conceals the identity, source or destination of the proceeds from any category of prohibited offenses designated by the Organization for Economic Co-operation and Development's Financial Action Task Force on Money Laundering; or (iii) is currently the subject of any U.S. sanctions administered by OFAC, the U.S. State Department, the United Nations Security Council ("**Sanctions**"). Neither Borrower nor, to the knowledge of Borrower, any Affiliate of Borrower or their respective officers, directors, brokers or agents is in violation of the PATRIOT Act. Neither Borrower nor any Affiliate of Borrower or their respective officers, directors, brokers or agents that is acting or benefiting in any capacity in connection with the Loan: (a) is a Blocked Person; (b) conducts any business or engages in making or receiving any contribution of goods, services or money to or for the benefit of any Blocked Person; (c) deals in, or otherwise engages in any transaction related to, any property or interests in property blocked pursuant to any Anti-Terrorism Laws; or (d) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Laws.

3.22.2 The representations and warranties set forth in this **Section 3.22** shall be deemed repeated and reaffirmed by Borrower as of each date that Borrower makes a payment to Lender under the Note, this Agreement and the other Loan Documents or receives any payment from Lender. Borrower agrees promptly to notify Lender in writing should Borrower become aware of any change in the information set forth in these representations.

3.23 Charter School Status. The School has been granted "charter school" status under the applicable laws of the State of California. Borrower further represents and warrants that: (i) Borrower has no reason to believe that the School Charter will not be renewed in accordance with and as required by applicable laws of the State of California, (ii) the School Charter to operate the School is in full force and effect; (iii) the School is in material compliance with all applicable terms and provisions of the School Charter and all Charter Requirements and the requirements of the Charter Authorizer relating to the ownership and operation of charter schools generally and the School; (iv) on or prior to the initial funding of any Loan Proceeds, To the extent required by the Charter School Requirements, Borrower has advised the Charter Authorizer of the financing contemplated by this Agreement and any and all other matters for which notice must be given to the Charter Authorizer and/or consent must be obtained from the Charter Authorizer; and (v) the School Charter permits the operation of the School isare presently operated.

3.24 Licenses and Permits. The School has obtained all licenses, permits, franchises and other governmental authorizations necessary for the operation of their respective charter.

3.25 Charter School Requirements. The School is operating as a charter school and has and/or will comply in all material respects with all Charter School Requirements. It is hereby certified and recited that all acts, conditions and things required by law, precedent to and in the issuance of these obligations have been done, exist and have happened in regular and due time and form as required by law, and that the total indebtedness of Borrower, including these obligations, does not exceed any constitutional or statutory limitation. The execution, delivery and performance of Borrower's obligations under this Agreement and the other Loan Documents by Borrower, and the transactions and other documents contemplated thereby are authorized under, and do not and will not contravene, the Charter School Requirements.

3.26 School Charter. Borrower has made available to Lender a correct and complete copy of the School Charter (including all amendments, extensions, and renewals thereto and any other written agreements or summaries of oral agreements

with any party thereto). As of the Closing Date, the School Charters are otherwise unmodified and are in full force and effect and no party to the School Charters is in default thereunder.

IV. AFFIRMATIVE COVENANTS

Borrower covenants and agrees with Lender that, unless otherwise consented to in writing by Lender, which consent shall not be unreasonably withheld, conditioned, or delayed, until payment in full of all amounts outstanding under the Loan Documents and satisfaction of all other Obligations of Borrower under the Loan Documents, Borrower shall comply with the following affirmative covenants and shall:

4.1 Performance. Duly and within any applicable cure period pay all sums to be paid to Lender in accordance with the terms and conditions of the Note, this Agreement and the other Loan Documents and perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, the other Loan Documents, and all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender in writing within thirty (30) days of any default or any act, event or condition which, with notice or the passage of time, or both, would constitute a default in connection with any such agreement.

4.2 Notices of Claims and Litigation. Within thirty (30) days inform Lender in writing of (1) any and all material adverse changes in Borrower's financial condition which could reasonably impair Borrower's ability to service the debt or perform its obligations under this Agreement and the Loan Documents, and (2) any and all existing litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower that could materially affect the financial condition of Borrower.

4.3 Maintenance of Existence and Principal Place of Business. (1) maintain its corporate existence and its form of organizational and governance documents previously accepted by Lender, and provide Lender with evidence of the same from time to time upon Lender's written request; (2) furnish to Lender not less than thirty (30) days prior written notice of any contemplated change of its principal place of business or the location where it keeps its books and records with respect to accounts and contracts or any of the Collateral; and (3) maintain its assets in reasonably good order and repair; and (4) maintain its chief executive office and principal place of business in the State of California.

4.4 Maintenance of Collateral. Maintain, keep, and preserve the Collateral in reasonably good working order and condition, ordinary wear and tear excepted. In addition, Borrower shall maintain, keep, and preserve all of its properties (tangible and intangible) necessary or useful in the proper conduct of its business in reasonably good working order and condition, ordinary wear and tear excepted.

4.5 Financial Records. Maintain at all times proper books and records in accordance with GAAP, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times during normal business hours and upon prior written request to Borrower, and in any event not more than once per quarter.

4.6 Governance. Notify Lender in writing of any change in the composition of its management team, and its board of directors, board of managers or similar governance body, within ten (10) days of becoming aware of such change, maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel, and conduct its business affairs in a reasonable and prudent manner.

4.7 Reporting Requirements. At Borrower's expense, furnish Lender with the following:

4.7.1 Notice of Default. Immediately upon the occurrence of a Default or an Event of Default beyond any applicable cure period, a statement of an authorized officer or representative of Borrower describing the details of such Event of Default and any curative action Borrower proposes to take.

4.7.2 Annual Financial Statements. As soon as available, but in no event later than one hundred and twenty (120) days after the end of each fiscal year of Borrower, commencing with Borrower's fiscal year ending June 30, 2022, Borrower shall deliver to Lender (A) financial statements of Borrower ("**Annual Financial Statements**"), including an audit report, a balance sheet, a statement of profit and loss and a cash flow statement, including all accountant notes, for the prior year then ended, audited by an independent certified public accountant satisfactory to Lender, and (B) a certificate (each, an "**Annual Certificate of Performance**") in the form attached hereto as **Exhibit B** and otherwise acceptable to Lender, issued by an authorized officer of Borrower who is active in, and knowledgeable of, the financial operations of Borrower, indicating that: (i) all financial data and financial statements delivered to Lender concerning Borrower present in a complete and accurate

manner the financial condition and operations of Borrower, and all material liabilities, fixed or contingent, are fully shown or provided for in such financial statements; (ii) there has been no change in the business or operations of Borrower, which may adversely affect the financial condition of Borrower; (iii) no default or Event of Default is continuing beyond any applicable cure period under the Loan Documents; (iv) Borrower is in compliance with all affirmative and negative covenants, including Financial Covenants (which certificate shall include reasonable detail to support Borrower's calculation) set forth in the Loan Documents; and (v) all social impact data delivered to Lender concerning Borrower, if such data has been requested by Lender, is accurate and complete. Without limiting the foregoing, Borrower shall also provide to Lender, no later than sixty (60) days after the end of each fiscal year of Borrower, Annual Financial Statements prepared and certified as true and accurate in all material respects by Borrower.

4.7.3 Quarterly Financial Statements. If and to the extent requested by Lender, as soon as available, but in no event later than thirty (30) days after the end of each quarter of each fiscal year of Borrower, Borrower-prepared financial statements of Borrower ("**Quarterly Financial Statements**"), including a balance sheet, a statement of profit and loss and a cash flow statement, for the prior quarter then ended, in reasonable detail and on a basis consistently applied, each prepared by Borrower, and, if requested by Lender, certified as true and correct by the Chief Financial Officer or other authorized officer of Borrower who is active in, and knowledgeable of, the financial condition of Borrower.

4.7.4 Social Impact Data. At Lender's request, report social impact data relating to Borrower's business and operations to Lender.

4.7.5 Annual Operating Budget. As soon as available and in any event within twenty (20) days prior to the beginning of each fiscal year of Borrower, commencing with the fiscal year beginning July 1, 2022, Borrower shall deliver to Lender an annual operating budget for the ensuing fiscal year, approved by the board of directors, board of managers or other governing body of Borrower, which shall include projected revenues and expenses, in such detail and by such categories as may be requested by Lender.

4.7.6 Annual School Report. Within one hundred twenty (120) days after the end of each fiscal year of Borrower, Borrower shall deliver to Lender a report ("**Annual School Report**") prepared by Borrower that will include (i) academic performance of the School for the previous school year, (ii) teacher and student retention rates at the School, and (iii) the School's enrollment for the then current school year as of November 1st.

4.7.7 Accounts Receivable Report. Within sixty (60) days after the end of each fiscal year of Borrower, beginning with the fiscal year ending June 30, 2022, Borrower shall deliver a report (each a "**Annual Receivables Report**") to Lender of all outstanding Accounts Receivable (as defined in GAAP), and which Account Receivables report shall be submitted by Borrower to Lender with a Borrowing Base Certificate, which shall contain the certification by an authorized officer of Borrower that the Accounts Receivables Report transmitted therewith is, to the best knowledge of Borrower, true and correct in all material respects.

4.7.8 Intentionally Omitted.

4.7.9 Monthly Cash Forecast. Within sixty (60) days after the end of each fiscal year of Borrower, commencing with Borrower's fiscal year ending June 30, 2022, Borrower shall deliver to Lender a monthly cash forecast with at least twelve (12) months projected.

4.8 Additional Information. Furnish such additional information and statements regarding Borrower's business, operations and social impact as Lender may reasonably request from time to time. All reports, statements and other information required to be submitted by Borrower shall be in form and substance reasonably satisfactory to Lender in all respects, and all financial reports, statements and information required in this **Article IV** shall be prepared in accordance with GAAP.

4.9 Financial Covenants and Ratios. Borrower shall maintain the following financial covenants and ratios (collectively, the "**Financial Covenants**"), compliance with which shall be determined in accordance with GAAP, tested at the end of each of Borrower's fiscal years, commencing with the fiscal year ending on June 30, 2022:

4.9.1 Lease Coverage Ratio. Borrower shall maintain a Lease Coverage Ratio of not less than 1.15:1.00. The term "**Lease Coverage Ratio**" means Borrower's annual operating EBITDAR (earnings before interest expense, taxes, depreciation, amortization, and rent) divided by the sum of (i) all principal and interest payments made during the year on all

of Borrower's debt, including the Loan (but excluding payments or prepayments of principal of the Loan, and (ii) all annual lease payments;

4.9.2 Leverage Ratio. Borrower shall maintain a Leverage Ratio of Total Liabilities to Tangible Net Worth of not greater than 2.00:1.00; and

4.9.3 Minimum Days Cash on Hand Ratio (15) Borrower shall maintain a minimum Days Cash on Hand Ratio of not less than fifteen (15). "Days Cash on Hand Ratio (15)" means (x) unrestricted operating cash, as of the tested period end date, divided by (y) (i) total operating expenses, plus interest expense, minus depreciation expense and other non-cash expenses for the tested period, divided by (ii) the number of days in the period tested..

4.9.4 Minimum Days Cash on Hand Ratio (30). Borrower shall maintain a minimum Days Cash on Hand Ratio of not less than thirty (30). "Days Cash on Hand Ratio (30)" means (x) unrestricted operating cash plus the unused availability under the Loan as of the tested period end date, divided by (y) (i) total operating expenses, plus interest expense, minus depreciation expense and other non-cash expenses for the tested period, divided by (ii) the number of days in the period tested.

All computations of the covenants and ratios specified herein shall be certified by Borrower as being true and correct and measured at the end of each of Borrower's fiscal years, which such certification will be included in the Annual Certificate of Performance. 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.

4.10 Insurance. Carry and maintain in full force all Required Insurance, including fire and other risk insurance, public liability insurance, and such other insurance as Lender may reasonably require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies reasonably acceptable to Lender. Borrower will deliver to Lender from time to time the certificates of insurance and, upon request of Lender, the policies of insurance, in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender. Each insurance policy shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loan, Borrower will provide Lender with such Lender's loss payable or other endorsements as Lender may require. Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon written request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of the Collateral. Unless Borrower is in default under this Agreement or the other Loan Documents, the cost of such appraisal shall be paid by Lender. All compensation, awards, proceeds, damages, claims, insurance recoveries, rights of action and payments which Borrower may receive or to which Borrower may become entitled with respect to any Collateral in the event of any damage or injury to such Collateral shall be paid over to Lender and shall be applied in the sole and absolute discretion of Lender. Any application of such amounts or any portion thereof to any Obligations shall not be construed to cure or waive any default or notice of default hereunder or invalidate any act done pursuant to any such default or notice.

In the event Borrower fails to provide, maintain, keep in force or deliver to Lender the evidence of the Required Insurance, Lender may (but have no obligation to) procure such insurance or single-interest insurance for such risks covering Lender's interest, and Borrower will pay all premiums thereon promptly upon demand by Lender, and until such payment is made by Borrower, the amount advanced by Lender with respect to all such premiums will bear interest at the Default Rate. After the occurrence of an Event of Default, so long as such Event of Default is continuing (unless waived by Lender in its sole discretion), upon request by Lender, Borrower shall deposit with Lender an initial cash reserve in an amount equal to one-half (1/2) of the estimated aggregate annual insurance premiums on all policies of Required Insurance and thereafter continue to deposit with Lender, in monthly installments, an amount equal to one-twelfth (1/12) of the estimated aggregate annual insurance premiums on all policies of Required Insurance. Lender shall timely pay such amounts as may be due thereunder out of the funds so deposited with Lender. If at any time and for any reason the funds deposited with Lender are or will be insufficient to pay such amounts as may be then or subsequently due, Lender shall notify Borrower and Borrower shall immediately deposit an amount equal to such deficiency with Lender. Notwithstanding the foregoing, nothing contained herein will cause Lender to be deemed a trustee of said funds or to be obligated to pay any amounts in excess of the amount of funds deposited with Lender pursuant to this **Section 4.10**, nor will anything contained herein modify the obligation of Borrower to maintain and

keep the Required Insurance in force at all times. Lender may commingle said reserve with its own funds and Borrower will be entitled to no interest thereon. Upon the occurrence of an Event of Default (unless waived by Lender in its sole discretion), so long as such Event of Default is continuing, Lender may, at any time at Lender's option, apply any sums or amounts in its hands received pursuant to this **Section 4.10** to any Indebtedness or Obligation of Borrower to Lender in such manner and order as Lender may elect, notwithstanding said Indebtedness or the performance of said Obligation may not yet be due according to the terms thereof. The receipt, use or application of any such funds paid by Borrower to Lender hereunder will not be construed to affect the maturity of any Indebtedness or any of the rights or powers of Lender under the terms of the Loan Documents or any of the obligations of Borrower or any guarantor under the Loan Documents.

4.11 Loan Fees, Charges and Expenses. Pay all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any other Loan Document, plus all other reasonable costs and charges associated with the closing of the Loan, whether or not the Loan is closed or funded.

4.12 Taxes, Charges and Liens. Timely file all tax and information returns and pay and discharge when due all of its Indebtedness and obligations, including, without limitation, all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties or interest would attach or accrue, and all lawful claims that, if unpaid, might become a Lien (other than a Permitted Lien) or charge upon any of Borrower's properties, income, or profits; provided, however, (i) Borrower shall have the right to contest any Property Taxes with respect to the Collateral and (ii) Borrower shall have the right to contest all other items so long as such contest: (a) is made in good faith; (b) is diligently prosecuted to completion; (c) shall not materially adversely affect the business operations, assets or condition (financial or otherwise) of Borrower or materially adversely affect Borrower's ability to perform its obligations under the Loan Documents; and (d) shall not materially adversely affect Lender's security interest in or the value of the Collateral. Borrower shall pay all governmental charges or taxes, including interest or penalties, (except income, franchise or other similar taxes imposed on Lender) payable with respect to the existence, execution or delivery of any of the Loan Documents by reason of any existing or future federal, state or local statute.

To the extent that Borrower is required to pay any real property, personal property, school district, public improvement or any similar taxes or charges to any Governmental Authority in connection with the ownership, occupancy or use of the Collateral, then, promptly after the payment of same, Borrower shall submit to Lender a copy of the applicable tax bill and evidence of the payment of same.

4.13 Title. Borrower shall at all times maintain, protect and defend the rights, title and interest of Borrower in the Collateral. Borrower shall at all times protect and defend the rights, title and interest of Lender as secured party and lienor with respect to the Collateral against the claims of all other persons.

4.14 Covenants regarding the Collateral.

4.14.1 Keep, maintain and preserve, and cause others to keep, maintain and preserve, the Collateral and all of Borrower's other properties (tangible and intangible) necessary or useful in the proper conduct of its business in good order, repair and condition at all times while this Agreement remains in effect, and pay when due all claims for work done on, or services rendered or material furnished in connection with the Collateral so that no lien or encumbrance (other than a Permitted Lien) may ever attach to or be filed against the Collateral;

4.14.2 Except in the ordinary course of Borrower's business, keep the Collateral at Borrower's address shown above or at such other locations as are Borrower owns, rents, leases, or uses and of which Lender is aware. Upon Lender's request, deliver to Lender in form satisfactory to Lender a schedule of real properties and personal property and the locations of same relating to Borrower's operations, including without limitation the following: (1) all real property Borrower owns or is purchasing; (2) all real property Borrower is renting or leasing; (3) all storage facilities Borrower owns, rents, leases, or uses; and (4) all other properties where any of the Collateral is or may be located;

4.14.3 Authorize Lender to file a UCC Financing Statement, to perfect Lender's security interest describing the Collateral (A) as all assets of Borrower or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC in such jurisdiction, provided the description of Collateral excludes Borrower's personal property assets that are excluded from the Collateral or (B) as being of an equal or lesser scope or with greater detail. At Lender's request, additionally agree to sign all other documents that are necessary to perfect, protect, and continue Lender's security interest in the Collateral, including, making sure Lender is shown as the first and only security interest holder on the title covering the Collateral; pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs; irrevocably appoint Lender to execute

documents necessary to transfer title if there is a default or Event of Default. Borrower agrees to furnish any such information to Lender promptly upon request. Borrower also ratifies its authorization for Lender to have filed in any UCC jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof;

4.14.4 Without limiting the prohibitions on mergers involving Borrower contained in this Agreement, not reincorporate or 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;

4.14.5 Promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any: (i) change in Borrower's name; (ii) change in Borrower's assumed business name(s); (iii) change in Borrower's principal office address; (iv) change in Borrower's state of organization; or (v) conversion of Borrower to a new or different type of business entity. No change in Borrower's name or state of organization will take effect until after Lender has received notice;

4.14.6 Upon Lender's request, advise Lender of the exact location of all of the Collateral; and

4.14.7 Acknowledge that it is not authorized to file any amendment or termination statement with respect to any financing statement without the prior written consent of Lender and agrees that it will not do so without the prior written consent of Lender, subject to Borrower's rights under Section 9-509(d)(2) of the UCC, or any successor provision of the UCC.

4.15 Further Assurances. At all times defend its interest in the Collateral against all persons and all claims and demands whatsoever, and shall, upon request of Lender: (1) furnish, execute and/or deliver, as appropriate, such further assurance of title, promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and additional documents regarding the Collateral and Lender's security interests therein as Lender or Lender's attorneys may from time to time reasonably request; and (2) do any other act Lender reasonably determines necessary to effectuate the purposes and provisions of this Agreement and the other Loan Documents, or as required by law or otherwise in order to perfect, preserve, maintain or continue the security interests of Lender in the Collateral.

4.16 Inspection. Permit officers, employees or agents of Lender (including any participants in the Loan) at any reasonable time to inspect the Collateral for the Loan wherever located and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records and discuss its business and operations with its officers, employees and representatives, for the purpose of confirming Borrower's compliance with the terms and conditions of the Loan Documents, at such times and intervals as Lender may reasonably request without unnecessary disruption of Borrower's operations. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

4.17 Divestiture of Collateral. Except for dispositions or transfers of personal property with a value of less than \$10,000 occurring in the ordinary course of Borrower's business, no Collateral covered by any security interest granted under the Loan Documents may be abandoned, destroyed, sold, leased, disposed of or otherwise divested by Borrower without the prior written consent of Lender unless Borrower shall concurrently replace such Collateral with similar property of equivalent or greater value on which Lender has a valid lien. Collateral which Borrower destroys or damages without Lender's prior written consent (except as permitted under the Loan Documents) shall not be released from Lender's security interest.

4.18 Compliance with Governmental Requirements. Observe and comply in all material respects with all Legal Requirements and all laws, ordinances, and regulations, rules and orders, now or hereafter in effect, of all governmental authorities applicable to Borrower and its properties, businesses and operations, and to the use of the Collateral.

4.19 Additional Assurances. Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loan and to perfect the security interest of Lender in the Collateral.

4.20 Permits, Reports, Etc. Keep and maintain in full force and effect all permits and approvals by any Governmental Authority necessary for the ownership, operation and leasing of the Collateral.

4.21 Qualified Borrower. At all times until payment in full of the Note and all interest accrued thereon, maintain Borrower's status as an "eligible borrower", as such term is defined in the National Consumer Cooperative Bank Act, as amended (12 U.S.C. Section 3001 et seq.) and in accordance with the policies of Lender in effect as of the date hereof.

4.22 Compliance with Charter School Requirements. Borrower shall use diligent and commercially reasonable efforts to assure that, at all times during the term of the Loan, Borrower is operating in full compliance with all Charter School Requirements and other applicable laws.

4.23 School Charter. Borrower shall notify Lender in writing of any change in any of the School Charter or in the standing with the Charter Authorizer within ten (10) days of becoming aware of such change. Borrower shall cause the School to be operated pursuant to the School Charters and shall:

4.23.1 promptly perform and/or observe (or cause to be performed and/or observed) all of the covenants and agreements required to be performed and observed by it under the School Charter and do all things necessary to preserve and to keep unimpaired its material rights thereunder;

4.23.2 promptly notify Lender of any default or notice of non-compliance received or delivered in connection with the School Charter; and

4.23.3 promptly deliver to Lender copies of all amendments, extensions, and renewals of the School Charter and any other written agreements or summaries of oral agreements with any party thereto.

4.24 Publicity. Borrower authorizes Lender (and each of its subsidiaries and affiliates) to use, reproduce and distribute Borrower's name, logos, and trademarks (collectively, "**Content**") in advertisements, marketing and promotional materials and in industry publications, annual reports and investor reports of any kind. The Content may be presented in digital, electronic, print, television, film, or radio format. The Content may be combined with photographs of the Collateral, other images, text, graphics, film, audio, audio-visual and other works, and/or with a description of Borrower, Borrower's business and/or the Loan.

4.25 Sanctions/Anti-Money Laundering. Borrower shall not knowingly directly or indirectly use the Loan Proceeds or otherwise make available such proceeds to any Person for the purpose of financing the activities of any Person, or in any country or territory, that, at the time of such funding, is the subject of Sanctions with the result that Lender would be in violation of Anti-Terrorism Laws. Borrower shall comply with applicable Anti-Terrorism Laws and regulations, and all payments by Borrower to Lender or from Lender to Borrower will only be made in Borrower's name and to and from a bank account of a bank based or incorporated in or formed under the laws of the United States or a bank that is not a "foreign shell bank" within the meaning of the U.S. Bank Secrecy Act (31 U.S.C. § 5311 et seq.), as amended, and the regulations promulgated thereunder by the U.S. Department of the Treasury, as such regulations may be amended from time to time. Borrower shall provide Lender at any time and from time to time during the term of the Loan with such information as Lender determines to be necessary or appropriate to comply with the Anti-Terrorism Laws and regulations of any applicable jurisdiction, or to respond to requests for information concerning the identity of Borrower, any Person controlling or controlled by Borrower or any Person having a beneficial interest in Borrower, from any governmental authority, self-regulatory organization or financial institution in connection with its anti-money laundering compliance procedures, or to update such information.

4.26 Compliance with Anti-Terrorism Laws and Anti-Corruption Laws. Borrower is and will remain in full compliance with: (i) all requirements of law applicable to it ensuring that no Person who owns a controlling interest in or otherwise controls Borrower is or shall be (A) listed on the Specially Designated Nationals and Blocked Person List maintained by OFAC or any other similar list maintained by OFAC under any authorizing statute, Executive Order or regulation or (B) a Person designated under Section 1(b), (c) or (d) of Executive Order No. 13224 (September 23, 2001), any related enabling legislation or any similar Executive Order; and (ii) all U.S. Bank Secrecy Act laws, regulations and government guidance related to compliance therewith, and on the prevention and detection of money laundering violations, in each case as the same are applicable to Borrower. Borrower will maintain in effect and enforce policies and procedures designed to ensure compliance by Borrower and its directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

4.27 Cross Default with TI Loan. Borrower acknowledges and agrees that an Event of Default under this Agreement or any of the other Loan Documents shall constitute an Event of Default under the TI Loan, and any Event of Default under the TI Loan and the documents evidencing and securing the same shall constitute an Event of Default hereunder.

V. NEGATIVE COVENANTS.

Borrower covenants and agrees with Lender that until payment in full of all amounts outstanding under the Loan Documents and satisfaction of all other Obligations, Borrower shall comply with the following negative covenants:

5.1 Other Indebtedness. Without the prior express written consent of Lender, Borrower shall not create, incur, assume, guarantee, permit to exist, or otherwise become directly or indirectly liable for any Indebtedness, except Permitted Indebtedness. Borrower will not dispose, with or without recourse, of any accounts or notes receivable or any sums due or to become due except for fair value in the ordinary course of business.

5.2 Further Encumbrances, Liens, Etc. Other than Permitted Liens specifically contemplated by this Agreement, Borrower shall not: (1) create, incur, assume, or permit to exist any lien upon the Collateral; (2) sell, convey, transfer, lease, assign, pledge or otherwise dispose of the Collateral or any interest it may now or hereafter have in the Collateral except in the ordinary course of business or in connection with the replacement of Collateral with property having equal or greater value, or as otherwise permitted under this Agreement; or (3) do or permit anything to impair the security or value of the Collateral or any of Borrower's real property except in the ordinary course of business. Borrower shall have the right to contest all liens that are not Permitted Liens so long as such contest: (a) is made in good faith; (b) is diligently prosecuted to completion; (c) shall not materially adversely affect the business operations, assets or condition (financial or otherwise) of Borrower or materially adversely affect Borrower's ability to perform its obligations under the Loan Documents; and (d) shall not materially and adversely affect Lender's security interest in or the value of the Collateral or any of Borrower's real property.

5.3 Continuity of Operations. Borrower shall not, without prior written consent of Lender which consent shall not be unreasonably, withheld, conditioned, or delayed: (1) engage in any business activities substantially different than those in which Borrower is presently engaged and activities ancillary thereto, (2) cease operations, liquidate, dissolve, or acquire any other entity or change its name, (3) make any distribution with respect to any capital account, whether by reduction of capital or otherwise, or (4) suffer or permit any sale, assignment or other change or transfer of legal or beneficial equity interest in Borrower or suffer or permit the issuance, sale, merger, consolidation, transfer, pledge, assignment or disposition of any membership, equity or other direct or indirect ownership interest of Borrower.

5.4 Loans, Acquisitions and Guaranties. Borrower shall not (1) loan, invest in, extend credit or advance money or assets to any other person, enterprise or entity, (2) purchase, create or acquire any interest in any other enterprise or entity, or (3) incur any obligation as surety or guarantor, in each case other than in the ordinary course of business.

5.5 Limitation on Contingent Liabilities. Borrower shall not, without the prior written consent of Lender which consent shall not be unreasonably, withheld, conditioned, or delayed: guarantee or otherwise become directly or indirectly responsible (including under an agreement to purchase any obligations, stock, assets, goods or services or to supply or advance any funds, assets, goods or services) for any Indebtedness or other obligation of any person, except: (i) by endorsement, in the ordinary course of collection, of negotiable instruments; or (ii) in the ordinary course of Borrower's business (subject to any limitations set forth in this Agreement).

5.6 Acquisition or Sale of Business; Merger or Consolidation. Borrower shall not, without the prior written consent of Lender: (1) acquire all or substantially all of the assets or business of any other Person; (2) liquidate, dissolve, merge or consolidate with another entity, or begin any proceedings to do so; or (3) except as otherwise specifically permitted pursuant to the terms and conditions of the Loan Documents, sell, lease, assign or transfer any substantial part of its business or assets, or any assets (including in sale-leaseback transactions) unless in the ordinary course of business and the assets included are not necessary for its business as conducted prior to such transfer; provided, however, that Borrower shall be permitted to merge with another charter school entity for the purpose of acquiring such entity's charter(s) to operate charter schools in the State of California, if and provided that: (i) Borrower shall have first obtained the prior written consent of Lender to such merger, which consent shall be given or withheld in Lender's commercially reasonable discretion; (ii) in such transaction, Borrower shall not have assumed or acquired any new or additional contingent or direct liability, and (iii) Borrower shall have provided Lender with all reasonable due diligence material reasonably requested by, and necessary for, Lender to evaluate the financial and legal feasibility of such merger, as the same relates to the Loan and the compliance by Borrower with the provisions of the Loan Agreement.

5.7 Judgments. Borrower shall not suffer or permit any final judgment or order for the payment of money in an aggregate amount exceeding of Ten Thousand and No/100 Dollars (\$10,000.00) against Borrower (for an amount not fully covered by independent third party insurance) to remain unpaid, undischarged, unbonded or undismissed for a period of thirty

(30) days after Borrower's receipt of notice from any party and the expiration of any appeal period provided Borrower pursues such appeal diligently and in good faith.

5.8 Affect Rights of Lender. Borrower shall not at any time do or perform any act or permit any act to be performed that would be contrary to the interests or rights of Lender under any of the Loan Documents.

5.9 Agreements. Borrower shall not enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

5.10 No Management Fees. Borrower shall not pay or permit to be paid any management or other similar fees in connection with the Collateral to any Affiliate of Borrower unless each of the following are satisfied: (i) such management or other fee is at a competitive, market rate as charged by independent third parties for the same type of services rendered; and (ii) such management or other fee is paid only for services actually performed. In addition, any such management fees shall be subordinate to the Loan.

5.11 Payments. Following any Event of Default that is not cured beyond any applicable cure period, Borrower shall not, without Lender's prior written consent, declare or pay any dividends, fees, expenses or other sums, or make any distributions in cash or assets to any equity holder, or other person or entity or enterprise directly or indirectly owned in whole or in part by any equity holder, or make any loan, salary advance or other payment to any equity holder or other entity or enterprise directly or indirectly owned in whole or in part by any equity holder.

5.12 Organizational Documents. Without the prior written consent of Lender, permit the amendment or other modification of Borrower's charter, bylaws, operating agreement or partnership agreement, as applicable, except for immaterial administrative amendments, which do not require Lender's consent.

5.13 Impairment of Collateral. Without the prior written consent of Lender and except for the Permitted Liens, Borrower shall not make any further assignment, pledge or disposition of any of the Collateral, or do or permit anything to impair the security or value of the Collateral.

5.14 Loan Purpose. Borrower shall not use the Loan Proceeds for any purpose not specified in in this Agreement or expressly prohibited by this Agreement.

5.15 Transactions with Affiliates. Borrower shall not enter into any transaction with any Affiliate other than with Lender's prior written consent and upon fair and reasonable terms no less favorable to Borrower than would be obtained in a comparable arm's-length transaction with a Person not an affiliate.

5.16 Change in Control. Without the prior written consent of Lender, which shall not be unreasonably withheld, conditioned or delayed, Borrower shall not suffer or permit any sale, assignment or other change or transfer of legal or equitable control of any of Borrower's real property (whether owned or leased); provided that nothing in this paragraph or in this Agreement shall be deemed to prohibit Borrower from entering into any new leases for school buildings or for any portable or modular school rooms or facilities, after having first obtained the reasonable consent of Lender.

VI. LENDER'S EXPENDITURES; RECOVERY OF ADDITIONAL COSTS.

If any action or proceeding is commenced that Lender reasonably determines would materially and adversely affect Lender's interest in the Collateral or if Borrower fails to comply with or perform any Obligations, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including, discharging or paying all taxes, liens, security interests, encumbrances and other claims at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the Obligations and, at Lender's option, will: (a) be payable on demand; (b) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during the remaining term of the Note; or (c) be treated as a balloon payment which will be due and payable upon maturity of the Note.

VII. RIGHT TO POSSESSION OF COLLATERAL.

Until an Event of Default beyond any applicable cure period, Borrower may have possession of the tangible personal property and beneficial use of the Collateral and may use the Collateral in any lawful manner not inconsistent with this Agreement or the other Loan Documents, provided that Borrower's right to possession and beneficial use shall not apply to any Collateral where the possession thereof by Lender is required by law to perfect Lender's security interests therein. If Lender at any time has possession of any Collateral, whether before or after an Event of Default, Lender shall be deemed to have exercised reasonable care in the custody and preservation of such Collateral, absent manifest evidence to the contrary, if Lender takes such action for that purpose as Borrower shall request or as Lender, in Lender's commercially reasonable discretion, shall deem appropriate under the circumstances, but failure to honor any request by Borrower shall not of itself be deemed to be a failure to exercise reasonable care. Lender shall not be required to take any steps necessary to preserve any rights in the Collateral against prior parties, nor to protect, preserve or maintain any security interest given to secure the Obligations.

VIII. DEFAULT.

8.1 Events of Default. Any of the following events or conditions shall constitute a default under this Agreement and any other Loan Document ("**Event of Default**"):

8.1.1 Payment Default. Borrower fails to make any installment of interest or principal within ten (10) days after the same becomes due hereunder or under any of the other Loan Documents. At all times that installment payments are made by means of regularly scheduled ACH or other electronic or automated means, a payment default shall not have occurred unless and until Borrower shall have failed to make any installment of interest or principal within ten (10) days after Borrower's receipt of written notice that any such installment has not been delivered.

8.1.2 Other Defaults. Other than Section 8.1.1 above, (i) Borrower fails to comply with or to perform any other Obligation, covenant or condition contained in **Sections 4.3, 4.7, 4.9, 4.16, 4.17, 4.22, 4.23, 4.24** and **Article V** of this Agreement and any such failure continues for a period of ten (10) days or (ii) Borrower fails to comply with or to perform any other Obligation, covenant or condition contained in this Agreement or in any of the other Loan Documents or to comply with or to perform any obligation, covenant or condition contained in any other agreement between Lender and Borrower and any such failure continues for a period of thirty (30) days after the earlier of Borrower becoming aware of such failure or notice thereof from Lender to Borrower.

8.1.3 False Statements. Any warranty, representation or statement made in any Loan Document or furnished to Lender by Borrower in any certificate, document, opinion or financial or other statement or on Borrower's behalf under this Agreement or the other Loan Documents at any time is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

8.1.4 Failure to Pay or Perform. Borrower shall: (i) fail to pay any Indebtedness, or any interest or premium thereon, when due after taking into account any applicable grace or cure periods (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise); or (ii) fail to perform or observe any term, covenant, or condition on its part to be performed or observed under any agreement or instrument relating to any such Indebtedness, when required to be performed or observed after taking into account any applicable grace or cure periods, if the effect of such failure to perform or observe is to accelerate, or to permit the acceleration after the giving of notice or passage of time, or both, of the maturity of such Indebtedness, whether or not such failure to perform or observe shall be waived by the holder of such Indebtedness (other than to the extent such failure to perform or observe could not reasonably, materially and adversely affect the ability of Borrower to operate its businesses as presently contemplated, or to perform its obligations under any of the Loan Documents); or any such Indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof.

8.1.5 Dissolution, Insolvency, Bankruptcy. Borrower shall fail to, or shall admit in writing its inability to, pay its debts as such debts become due or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator, administrator, administrative receiver or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator, administrator, administrative receiver or similar officer is appointed without the application or consent of Borrower and the appointment continues undischarged or unstayed for sixty (60) calendar days; or any proceeding under any Debtor Relief Law relating to Borrower or to all or any material part of its property is instituted without the consent of Borrower and continues undismissed or unstayed for sixty (60) calendar days, or an order for relief is entered in any such proceeding.

8.1.6 Defective Collateralization. This Agreement or any of the other Loan Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien in any material portion of the Collateral) at any time and for any reason, or Borrower or any other Person contests in any manner the validity or enforceability of the applicable Loan Document.

8.1.7 Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any of the Collateral. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim that is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

8.1.8 Money Judgment. There is entered against Borrower a final judgment or order for the payment of money in an aggregate amount exceeding Ten Thousand and 00/100 Dollars (\$10,000.00) (to the extent not covered by independent third-party insurance as to which the insurer has been notified of such judgment or order and does not deny coverage) and there is a period of thirty (30) consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect.

8.1.9 Enjoined from Operating Business. Borrower shall be enjoined, restrained or in any way prevented by court order from conducting all or a substantial and material part of its business, and such proceeding or injunction shall not be stayed or dismissed within ninety (90) days from the date of entry of such injunction or other form of restriction.

8.1.10 Dissolution of Borrower. Borrower shall dissolve, or any Person shall commence any action or proceeding which seeks as one of its remedies the dissolution of Borrower and such action or proceeding is not dismissed within one hundred twenty (120) days.

8.1.11 Adverse Change. If any (a) material adverse change occurs in the financial condition, operation or management of Borrower, (b) event occurs which has a material adverse effect on the Premises or any Collateral, or (c) event occurs which has a material adverse effect on the rights and remedies of Lender under the Loan Documents, in each case, as determined by the Lender in its sole discretion.

8.1.12 Lender's Entry. If Lender or Lender's agents are not permitted to enter upon and/or inspect the Collateral, or the books and records relating thereto, during normal business hours with at least two (2) business days' advance notice.

8.1.13 Casualty. If the Collateral, in the sole judgment of Lender, shall be materially injured or destroyed by fire or other casualty or a taking shall have occurred such that Lender reasonably determines that the Collateral cannot be repaired or replaced within a reasonable period, or that the Loan Proceeds not yet advanced (plus any insurance proceeds payable as a result of such fire or casualty and all amounts paid to Lender by Borrower pursuant to the terms hereof, excluding amounts paid as interest on the Note) are insufficient to repair or replace the Collateral and pay all expenses in connection therewith.

8.1.14 Tax Exempt Status. If Borrower loses its tax exempt status.

IX. REMEDIES.

9.1 Remedies. Upon the occurrence of any Event of Default beyond any applicable cure period, Lender may, at its option: (i) declare all sums of interest and principal remaining outstanding on the Loan and all other sums outstanding under or in respect of this Agreement or any other Loan Document to be immediately due and payable, without notice of default, presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by Borrower; (ii) exercise any additional right or remedy which Lender may have under this Agreement or any other Loan Document; and (iii) exercise any additional right or remedy which Lender may have at law or in equity. Notwithstanding anything to the contrary in the preceding sentence, if an Event of Default described in **Section 8.1.6** above shall occur, all sums of interest and principal remaining outstanding on the Loan and all other sums outstanding under or in respect of any Loan Document shall be deemed

automatically and immediately due and payable, without any declaration or other determination by Lender and without notice of default, presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by Borrower.

9.2 Borrower's Obligation to Give Notice of Event of Default. Borrower shall give written notice to Lender of the occurrence of any Event of Default or the existence of any event which would, with the passage of time or giving of notice or both, constitute an Event of Default hereunder immediately after discovery of any such event.

9.3 All Rights and Remedies. Lender shall have all the rights and remedies provided in the other Loan Documents or available at law, in equity, or otherwise.

9.4 Default Rate. After maturity of the Loan by acceleration or otherwise, Borrower shall pay interest at the Default Rate.

9.5 Lender's Cure Rights. Lender shall have the right (but shall have no obligation) at any time to take in its name or in the name of Borrower such action as Lender determines is necessary or advisable to cure any default that continues beyond any applicable cure period to protect the rights of Borrower or Lender thereunder, or to receive and satisfy the requirements thereof. Lender shall incur no liability if any action so taken shall prove to be inadequate or invalid, and Borrower hereby indemnifies, holds harmless and agrees to defend Lender from and against any loss, cost, liability or expense (including attorneys' fees and expenses) incurred in connection with any such action which is not the result of Lender's gross negligence or willful misconduct. Lender may advance funds for any of the purposes described in this **Section 9.5**, and such advances, even if in excess of the amount of the Loan, shall be payable to Lender on demand and shall be secured by the Loan Documents.

9.6 Remedies are Cumulative. All remedies provided for herein are cumulative and shall be in addition to any and all other rights and remedies provided by law, including banker's lien and right of offset. The exercise of any right or remedy by Lender hereunder shall not in any way constitute a cure or waiver of default hereunder or invalidate any act done pursuant to any notice of default or prejudice Lender in the exercise of any of its rights hereunder or under the Loan Documents, unless in the exercise of said rights, Lender realizes all amounts owed under the Note, the other Loan Documents and hereunder.

9.7 Right of Contest. Borrower shall have the right to contest in good faith any claim, demand, levy or assessment, the assertion of which would constitute an Event of Default hereunder. Any such contests shall be prosecuted diligently and in a manner which does not prejudice Lender hereunder. Upon written demand by Lender, Borrower shall make suitable provisions by deposit of funds or by bond satisfactory to Lender for the possibility that the contest will be unsuccessful. Such provision shall be made within ten (10) Business Days after written demand therefor and if made by deposit of funds, the amount so deposited shall be disbursed in accordance with the resolution of the contest either to Borrower or the adverse claimant.

9.8 Waiver of Certain Laws. To the extent permitted by applicable law, Borrower hereby agrees to waive and does hereby absolutely and irrevocably waive and relinquish the benefit and advantage of the doctrine of marshalling, any non-judicial valuation, stay, appraisal, extension or right to a judicial hearing prior to foreclosure, pursuant to statute and case made and provided, now existing or which may hereafter exist, which but for this provision, might be applicable to any sale made under the judgment, order or decree of any court, or otherwise, based on any promissory note or Loan Documents contemplated hereby or on any claim for interest on the promissory note or on any security interest contemplated by this Agreement.

9.9 Receiver. Upon the occurrence of an Event of Default beyond any applicable cure period, Lender shall be entitled without notice or contest and completely without regard to the adequacy of any security for the debt to the appointment of a receiver of the Collateral and of the rents and profits derived therefrom. This appointment shall be in addition to any other rights, relief or remedies afforded Lender. Such receiver, in addition to any other rights to which it shall be entitled, may exercise the rights granted herein to Lender under this **Article IX**, and shall be authorized to sell, foreclose or complete foreclosure on all mortgages and security interests contemplated by this Agreement for the benefit of Lender pursuant to provisions of applicable real property law and the UCC. In the event of any deficiency, Borrower shall remain liable therefor.

9.10 Additional Remedies. Lender shall have all rights and remedies of a secured party under the UCC, including without limitation, the right without demand or notice to Borrower, to collect, receive or take possession of the Collateral or any part thereof. Borrower shall be liable for, and shall pay on demand, all expenses of retaking, holding, preparing for sale, sale, or the like, and all reasonable attorneys' fees and other expenses incurred by Lender in connection with the exercise of this remedy.

9.11 Election of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude the pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower shall not affect Lender's right to declare a default and to exercise its rights and remedies. Lender shall have full recourse to the assets of Borrower in the enforcement of the Loan.

X. WAIVER OF JURY TRIAL.

TO THE MAXIMUM EXTENT PERMITTED BY LAW, BORROWER AND LENDER EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, ANY OF THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR PARTIES, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. BORROWER AND LENDER EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS **ARTICLE X** AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. **THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS. A COPY OF THIS ARTICLE X MAY BE FILED WITH ANY COURT AS WRITTEN EVIDENCE OF THE WAIVER OF THE RIGHT TO TRIAL BY JURY AND CONSENT TO TRIAL BY COURT. THIS ARTICLE X MAY NOT BE AMENDED, MODIFIED, TERMINATED OR WAIVED EXCEPT BY A WRITING WHICH MAKES SPECIFIC REFERENCE TO THIS ARTICLE X.**

IN THE EVENT ANY LEGAL PROCEEDING IS FILED IN A COURT OF THE STATE OF CALIFORNIA (THE "COURT") BY OR AGAINST ANY PARTY IN CONNECTION WITH ANY CONTROVERSY, DISPUTE OR CLAIM DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY) (EACH, A "CLAIM") AND THE WAIVER SET FORTH IN THE PRECEDING PARAGRAPH IS NOT ENFORCEABLE IN SUCH ACTION OR PROCEEDING, THE PARTIES HERETO AGREE AS FOLLOWS:

(1) WITH THE EXCEPTION OF THE MATTERS SPECIFIED IN SUBPARAGRAPH 2 BELOW, ANY CLAIM WILL BE RESOLVED BY A GENERAL REFERENCE PROCEEDING IN ACCORDANCE WITH THE PROVISIONS OF CALIFORNIA CODE OF CIVIL PROCEDURE SECTIONS 638 THROUGH 645.1.

(2) THE FOLLOWING MATTERS SHALL NOT BE SUBJECT TO A REFERENCE PROCEEDING: (A) NON-JUDICIAL FORECLOSURE OF ANY SECURITY INTERESTS IN REAL OR PERSONAL PROPERTY, (B) EXERCISE OF SELF-HELP REMEDIES (INCLUDING SET-OFF), (C) APPOINTMENT OF A RECEIVER AND (D) TEMPORARY, PROVISIONAL OR ANCILLARY REMEDIES (INCLUDING WRITS OF ATTACHMENT, WRITS OF POSSESSION, TEMPORARY RESTRAINING ORDERS OR PRELIMINARY INJUNCTIONS). THIS AGREEMENT DOES NOT LIMIT THE RIGHT OF ANY PARTY TO EXERCISE OR OPPOSE ANY OF THE RIGHTS AND REMEDIES DESCRIBED IN THE FOREGOING CLAUSES (A) - (D) AND ANY SUCH EXERCISE OR OPPOSITION DOES NOT WAIVE THE RIGHT OF ANY PARTY TO A REFERENCE PROCEEDING PURSUANT TO THIS AGREEMENT.

(3) UPON THE WRITTEN REQUEST OF ANY PARTY, THE PARTIES SHALL SELECT A SINGLE REFEREE, WHO SHALL BE A RETIRED JUDGE OR JUSTICE. IF THE PARTIES DO NOT AGREE UPON A REFEREE WITHIN TEN DAYS OF SUCH WRITTEN REQUEST, THEN, ANY PARTY MAY REQUEST THE COURT TO APPOINT A REFEREE PURSUANT TO CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 640(B). A REQUEST FOR APPOINTMENT OF A REFEREE MAY BE HEARD ON AN EX PARTE OR EXPEDITED BASIS, AND THE PARTIES AGREE THAT IRREPARABLE HARM WOULD RESULT IF EX PARTE RELIEF IS NOT GRANTED.

(4) ALL PROCEEDINGS AND HEARINGS CONDUCTED BEFORE THE REFEREE, EXCEPT FOR TRIAL, SHALL BE CONDUCTED WITHOUT A COURT REPORTER, EXCEPT WHEN ANY PARTY SO REQUESTS, A

COURT REPORTER WILL BE USED AND THE REFEREE WILL BE PROVIDED A COURTESY COPY OF THE TRANSCRIPT. THE PARTY MAKING SUCH REQUEST SHALL HAVE THE OBLIGATION TO ARRANGE FOR AND PAY COSTS OF THE COURT REPORTER, PROVIDED THAT SUCH COSTS, ALONG WITH THE REFEREE'S FEES, SHALL ULTIMATELY BE BORNE BY THE PARTY WHO DOES NOT PREVAIL, AS DETERMINED BY THE REFEREE.

(5) THE REFEREE SHALL APPLY THE RULES OF DISCOVERY AND EVIDENCE APPLICABLE TO PROCEEDINGS AT LAW IN THE STATE OF CALIFORNIA TO THE REFERENCE PROCEEDING AND SHALL DETERMINE ALL ISSUES IN ACCORDANCE WITH APPLICABLE LAW. THE REFEREE SHALL BE EMPOWERED TO ENTER EQUITABLE AS WELL AS LEGAL RELIEF AND RULE ON ANY MOTION WHICH WOULD BE AUTHORIZED IN A TRIAL, INCLUDING MOTIONS FOR DEFAULT JUDGMENT OR SUMMARY JUDGMENT. THE REFEREE SHALL REPORT HIS DECISION, WHICH REPORT SHALL ALSO INCLUDE FINDINGS OF FACT AND CONCLUSIONS OF LAW.

XI. WAIVER OF RIGHT OF OFFSET.

Borrower hereby acknowledges and agrees that no portion of the Indebtedness evidenced by the Note or any other Obligations payable by Borrower pursuant to any of the Loan Documents shall be or be deemed to be offset or compensated by all or any part of any claim, cause of action, counterclaim, or cross-claim, whether liquidated or unliquidated which Borrower or any Affiliate thereof has, may have or claim to have against Lender. In connection with the foregoing, Borrower hereby waives, to the fullest extent permitted by applicable law, the benefits of California Code of Civil Procedure Section 431.70.

XII. RELATIONSHIP OF PARTIES.

Neither this Agreement nor any of the other Loan Documents is intended to create any relationship between (a) Lender and (b) Borrower, except as specifically stated herein or in the other Loan Documents, and Lender does not assume and shall not have a fiduciary duty to Borrower.

XIII. PROCESS SERVICE.

All parties hereto agree that process may be served upon any party hereto by hand delivery, by certified or registered mail, return receipt requested or by overnight courier that provides written confirmation of receipt, directed to such party at the address(es) listed in Section 17.1.9, as the same may be updated in writing by either party from time to time in accordance with this Agreement, and each party waives any defense of insufficiency of service with respect to process so served.

XIV. INTENTIONALLY OMITTED.

XV. INDEMNIFICATION.

Borrower hereby indemnifies, defends, and holds Lender, its Affiliates, and their officers, directors, trustees, members, managers and agents (each an "**Indemnified Party**") harmless for, from, and against any and all actual or threatened liabilities, claims, actions, causes of action, judgments, orders, damages (including foreseeable and unforeseeable consequential damages), costs, expenses, fines, penalties, and losses (including sums paid in settlement of claims and all reasonable consultant, expert and legal fees and expenses of the Indemnified Party's counsel), and any resulting damages, harm or injuries to the person or property of any third parties, directly or indirectly arising out of or resulting from: (a) any brokerage commissions or finder's fees claimed by any broker or other party in connection with the transactions contemplated hereby; (b) Borrower's failure to perform any of Borrower's obligations, as and when required by the Loan, this Agreement or any of the other Loan Documents, including, any failure of any representation or warranty of Borrower to be true and correct and any failure of Borrower to satisfy any covenant herein; (c) any claim or cause of action of any kind by any person or entity to the effect that Lender is in any way responsible or liable for any act or omission of Borrower, whether on account of derivative liability or otherwise; (d) any act or omission by Borrower, any of its directors, officers, employees, consultants, representatives or agents, or other person or entity, except Lender or its agents, with respect to the Loan, any of the other Loan Documents, the Collateral; (e) any claim or cause of action of any kind by any person or entity which would have the effect of denying Lender the full benefit or protection of any provision of the Loan, this Agreement or any of the other Loan Documents; (f) any losses, costs, damages or expenses that Lender may incur, directly or indirectly, including attorneys' fees, as a result of or in connection with the assertion against Lender of any claims relating to the presence or removal of any Hazardous Substance on all or any portion of the Collateral, Borrower's other properties, the other Collateral or any adjacent property or any violation of any Environmental Law; (g) the ownership, management, maintenance, operation, marketing, leasing, sale, use or development of,

or improvement to, the Collateral, whether such claims are based on theories of derivative liability, comparative negligence or otherwise; and (h) any failure to satisfy any requirement of any applicable laws, governmental policies or standards, reports, maps, development agreements, or regulatory agreements that apply or pertain to the Collateral; in each case, excepting those arising out of, or resulting, solely from the applicable Indemnified Party's gross negligence or willful misconduct. Notwithstanding anything to the contrary in any other Loan Document, the provisions of this **Article XV** shall survive the termination of this Agreement, repayment of the Loan and foreclosure or sale of the Collateral or security interests of Lender, or similar proceedings.

XVI. TRANSACTION EXPENSES.

16.1 Closing Date. On the Closing Date, Borrower shall pay the out-of-pocket fees payable and other charges incurred by Lender in connection with this Agreement, the transaction contemplated by this Agreement, and the documents entered into in connection therewith, including, without limitation: (a) the Commitment Fee; and (b) the fees and expenses of Lender's in-house attorneys' in the aggregate amount of \$5,000 less any amount previously paid to Lender.

16.2 Other Expenses. Borrower shall pay, on an annual basis within ten (10) Business Days following written notice from Lender of the amount thereof, the annual out-of-pocket fees payable and other charges incurred in connection with servicing, special servicing, asset management, tax returns of Lender and audits of Lender and Lender's reporting obligations; provided, however, that Borrower shall be responsible for paying such fees and charges only to the extent that debt service on the Loan is insufficient to cover such fees and charges.

XVII. MISCELLANEOUS PROVISIONS.

17.1 The following miscellaneous provisions are a part of this Agreement:

17.1.1 Amendments. This Agreement, together with any other Loan Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

17.1.2 Attorneys' Fees; Expenses. Borrower agrees that if Lender hires an attorney to help enforce this Agreement, Borrower shall pay, subject to any limits under applicable law, Lender's reasonable attorneys' fees and all of Lender's other collection expenses, whether or not there is a lawsuit and including additional legal expenses for bankruptcy proceedings.

17.1.3 Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

17.1.4 Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset that it may have now or later against Lender or against any purchaser of a participation interest in the Loan and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

17.1.5 Governing Law; Consent to Jurisdiction. This Agreement shall be governed by, and construed in accordance with the laws of the State of California.

17.1.6 USA PATRIOT Act Notice. Lender hereby notifies Borrower that pursuant to the requirements of the PATRIOT Act, it is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow Lender, as applicable, to identify Borrower in

accordance with the PATRIOT Act. Borrower shall, promptly following a request by Lender, provide all documentation and other information that Lender requests in order to comply with its ongoing obligations under applicable “know your customer” and anti-money laundering rules and regulations, including the PATRIOT Act.

17.1.7 Preference Payments. To the extent that any payment by or on behalf of Borrower is made to Lender or Lender exercises its right of set-off, and such payment or the proceeds of such set-off or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under the Debtor Relief Laws, or otherwise, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred.

17.1.8 No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender’s right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Borrower, shall constitute a waiver of any of Lender’s rights or of any of Borrower’s obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender, provided however, that in no instance may Lender’s consent be unreasonably withheld, conditioned, or delayed.

17.1.9 Notices. All notices and other communications provided for under this Agreement shall be in writing and shall be personally delivered or sent by first class United States mail, by nationally recognized overnight courier such as Federal Express or DHL, or by telecopy, email or by other means of telecommunication, including email provided that receipt is confirmed, to the following addresses:

to Borrower:

ARISE High School
3301 E. 12th Street, Suite 205
Oakland, CA 94601
Joshua Clark, Business Manager
Email: jclark@edtec.com

If to Lender:

Capital Impact Partners
1400 Crystal Drive, Suite 500
Arlington, Virginia 22202
Attn: Loan Servicing Department
Email: loanservicing@capitalimpact.org

or, as to each party, at such other address as shall be designated by such party in a written notice to the other party complying as to delivery with the terms of this **Section 17.1.9**. All such notices and communications shall be deemed received: (i) if personally delivered, upon delivery; (ii) if sent by first class United States mail, following deposit in the mail with first class postage prepaid, upon receipt; (iii) if sent by courier service with next Business Day delivery charges prepaid, upon receipt; and (iv) if sent by telex, telecopy or similar form of telecommunications, upon receipt.

17.1.10 Power of Attorney. Upon an Event of Default beyond any applicable cure period, Borrower hereby appoints Lender as Borrower’s irrevocable attorney-in-fact (the “**Attorney**”) with full power and substitution for the purpose of (A) executing any documents necessary to perfect, amend, or to continue the security interest granted in this Agreement and any other Loan Document or to demand termination of filings of other secured parties, (B) following any material breach or noncompliance by Borrower with respect to any Loan Document, taking any other action and executing any document or instrument, in the name of Borrower or otherwise, which the Attorney may at any time deem necessary or appropriate in order to protect Lender’s security interests in the Collateral or any part thereof or during the existence of an Event of Default foreclose said security interests in accordance herewith or otherwise fulfill the Obligations of Borrower under the Loan Documents.

Lender may at any time, and without further authorization from Borrower, file a photographic or other reproduction of any financing statement or of this Agreement for use as a financing statement. Borrower will reimburse Lender upon demand for any costs and expenses, including, without limitation, (Y) attorneys' fees and (Z) all expenses for the perfection and the continuation of the perfection of Lender's security interests in the Collateral, that Lender may incur while acting as Borrower's attorney-in-fact hereunder, all of which costs and expenses are included in the Obligations. Lender may at any time terminate the appointment of Lender as the Attorney hereunder and designate a successor Attorney hereunder, upon written notice to Borrower of the designation of such successor Attorney. **THE POWER-OF-ATTORNEY GRANTED HEREBY IS COUPLED WITH AN INTEREST AND SHALL BE IRREVOCABLE TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW.**

17.1.11 Severability. Any provision of any Loan Document which 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 provisions of such Loan Documents or affecting the validity or enforceability of such provision in any other jurisdiction. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

17.1.12 Subsidiaries and Affiliates of Borrower. Under no circumstances shall this Agreement be construed to require Lender to make any Loan or other financial accommodation to any of Borrower's subsidiaries or Affiliates.

17.1.13 Successors and Assigns. All covenants and agreements by or on behalf of Borrower contained in this Agreement or any of the other Loan Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

17.1.14 Survival of Representations and Warranties. Borrower understands and agrees that in making the Loan, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the other Loan Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the making of the Loan and delivery to Lender of the Loan Documents. Further, all covenants shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's Obligations shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

17.1.15 Time is of the Essence. Time is of the essence in the performance of this Agreement.

17.1.16 Disclosure. Borrower agrees to permit Lender to disclose and publicize Borrower's identity and the amount and purpose of the Loan. Borrower further agrees not to post signs or otherwise identify Lender's participation without Lender's prior written approval.

17.1.17 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument.

17.1.18 Entire Agreement. This Agreement, together with the other Loan Documents, constitutes the entire agreement among the parties with respect to the subject matter contained herein and therein, and supersedes any prior agreements or understanding among the parties, whether written or oral.

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS AGREEMENT AND BORROWER AGREES TO ITS TERMS.

[Signatures Appear on the Next Page]

IN WITNESS WHEREOF, Borrower and Lender have executed and delivered this Loan Agreement (Line of Credit) as of the Effective Date.

BORROWER:

AROSE HIGH SCHOOL

By: _____
Name:
Title:

LENDER:

CAPITAL IMPACT PARTNERS

By: _____
Shawn Luther
Senior Director and Credit Officer

EXHIBIT A

REQUIRED INSURANCE AS OF CLOSING DATE

- All Policy Certificates & Declarations must be delivered prior to closing.
- Each insurance company must have an “A. M. Best’s” rating of A or better and V financial rating.
- All Policies must contain a waiver of subrogation clause.
- All certificates must include a 30 day cancellation /10 day non-payment clause.
- All certificates must identify Borrower as the Named Insured and include the property address.
- All certificates must list Capital Impact Partners as Loss Payee, as follows:

**Capital Impact Partners
ISAOA, ATIMA
1400 Crystal Drive, Suite 500
Arlington, VA 22202**

LIABILITY INSURANCE REQUIREMENTS

- Must be on Form ACORD 25.
- Commercial General Liability - \$1,000M each occurrence / \$2,000M in the Aggregate.
- Umbrella / Excess Liability - \$3,000M (1-4 story building).
- Auto Liability for Any Auto, Hired Autos, and Non-Owned Autos - \$1,000M.
- Worker’s Compensation - WC Statutory Limits for each occurrence.
- Professional Liability - (Errors & Omissions) - \$3,000M.
- Directors’/Officers’ Liability - (Co-ops only) - \$1,000M each occurrence / \$2,000M in the Aggregate.
- List Capital Impact Partners as Additional Insured with respects to Commercial General Liability.
- Business Loss or Interruption Insurance in amounts and coverage approved by Lender.

EXHIBIT B

FORM OF ANNUAL CERTIFICATE OF PERFORMANCE

ANNUAL CERTIFICATE OF PERFORMANCE

To: Capital Impact Partners (“**Lender**”)
From: Arise High School (“**Borrower**”)
Date: _____, 20__

Lender has made a certain loan (the “**Loan**”) to Borrower in the original principal amount of Five Hundred Thousand Dollars (\$500,000) pursuant to a certain Loan Agreement dated as of June __, 2022 (the “**Loan Agreement**”) and evidenced and secured by other instruments and agreements set forth in and required under the Loan Agreement (the Loan Agreement and such other instruments and agreements, the “**Loan Documents**”). All terms used but not defined in this Certificate shall have the meaning ascribed to the same terms in the Loan Agreement.

Pursuant to the terms of the Loan Agreement, Borrower is required to submit to Lender (a) certain Annual Financial Statements, and (b) an Annual Certificate of Performance setting forth and certifying certain information, both as more particularly described in the Loan Agreement. This Certificate constitutes the Annual Certificate of Performance required under the Loan Agreement as of the date written above.

The undersigned, acting for and on behalf of Borrower, hereby certifies, represents and warrants to and for the benefit of Lender as of the date written above, as follows:

1. The undersigned is an officer of Borrower who is active in, and knowledgeable of, the financial operations of Borrower and authorized to execute and deliver this Certificate.
2. All financial data contained in the Annual Financial Statements of Borrower delivered to Lender herewith completely and accurately disclose the financial condition and operations of Borrower, and all material liabilities, fixed or contingent, are fully shown or provided for in such Annual Financial Statements.
3. There has been no change in the business or operations of Borrower, which may adversely affect the financial condition of Borrower.
4. No default or Event of Default has occurred or is continuing under the Loan Documents.
5. All representations and warranties made by Borrower to Lender in the Loan Documents are and remain true, accurate and complete on and as of the date written above.
6. All social impact data delivered to Lender concerning Borrower, if such data has been requested by Lender, is accurate and complete.
7. Borrower is in compliance with all affirmative and negative covenants, including Financial Covenants, set forth in the Loan Documents and has submitted to Lender herewith such information and detail reasonably necessary to support the calculations of Borrower set forth below.
8. The calculations of Borrower attached hereto as **Schedule 1** with respect to the Financial Covenants are true, accurate and complete in all material respects.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate for and on behalf of Borrower as of the date first written above.

BORROWER:

_____, a _____

By: _____
Name:
Title:

EXHIBIT C**FORM OF LOAN MATURITY EXTENSION AMENDMENT****Amendment to Loan Agreement and Promissory Note**

This Amendment to Loan Agreement and Promissory Note (this "Amendment") is made as of _____, 20__ by and between Capital Impact Partners, a non-profit corporation organized under the laws of the District of Columbia at the direction of the United States Congress in 12 U.S.C. 3051 ("Lender"), having an address at 1400 Crystal Drive, Suite 500, Arlington, Virginia 22202, and Arise High School, a California nonprofit public benefit corporation ("Borrower"), having its principal place of business at 3301 E. 12th Street, Suite 205, Oakland, CA 94601, All capitalized terms that are used but not defined herein shall have the meanings ascribed to them in the Loan Agreement (defined below) or the Promissory Note (defined below).

WHEREAS, Lender made a loan to Borrower in the maximum principal amount of \$500,000.00 (the "Loan") which Loan is evidenced by that certain Loan Agreement, dated as of June __, 2022 (the "Loan Agreement"), a certain Promissory Note of even date therewith (the "Promissory Note") and the documents referenced therein (the Loan Agreement, the Promissory Note and such other documents, collectively, the "Loan Documents"); and

WHEREAS, Lender and Borrower have agreed to amend the Loan Agreement and the Promissory Note, as hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lender and Borrower, intending to be legally bound, hereby agree as follows:

1. Modification.
 - a. Maturity Date. The Maturity (as such term is defined and used in both the Promissory Note and the Loan Agreement) is hereby extended from _____ 1, 20__ to _____ r 1, 20__.
2. Representations and Warranties. Borrower represents and warrants to Lender: (a) Borrower is not in default under the Loan Agreement, the Promissory Note, or any other Loan Document; (b) there does not exist any act, event, or circumstance, which, with the giving of notice or the passage of time or both, would constitute a default under any of the Loan Documents; (c) all representations and warranties set forth in the Loan Agreement are true, accurate and complete; and (d) the officer executing this Amendment has the authority to do so.
3. Effectiveness. The effective date (the "Effective Date") of this Amendment shall be the date on which all of the following conditions are satisfied: (a) this Amendment shall have been executed by both parties hereto; and (b) all fees set forth in, or required to be paid pursuant to, the Loan Agreement in connection with this Amendment shall have been paid in full by Borrower..
4. Miscellaneous. The Loan Agreement and the Promissory Note remain in full force and effect, as amended hereby. The Loan Agreement and the Promissory Note, as amended hereby, are hereby ratified and confirmed by Lender and Borrower. The terms and conditions of this Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. If there is a conflict between the terms of the Loan Agreement or the Promissory Note and the terms of this

Amendment, the terms of this Amendment shall govern. This Amendment shall be effective as of the Effective Date set forth above. This Amendment may be executed in counterparts, each of which shall be deemed an original, but which, together, shall constitute one and the same instrument. A facsimile or email transmission by one party to the other of an executed signature page of this Amendment shall have the same effect as delivery of an original signature page. The transmitting party shall forward the original signature page to the receiving party upon the request of the receiving party. The provisions of the Loan Agreement with respect to governing law, jurisdiction, and agent for service of process are incorporated in this Amendment by reference as if such provisions were set forth herein.

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment to be executed by its duly authorized officer.

BORROWER:

ARISE HIGH SCHOOL

By: _____
Name:
Title:

LENDER:

CAPITAL IMPACT PARTNERS

By: _____
Shawn Luther
Senior Director and Credit Officer