

CREDIT AGREEMENT

Between

Navigator Schools,
a California Nonprofit Public Benefit Corporation,

as Borrower

And

EAST WEST BANK,

as Bank

Dated as of July [], 2024

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CREDIT AGREEMENT

This CREDIT AGREEMENT, dated as of July [], 2024, is entered into between **NAVIGATOR SCHOOLS**, a California Nonprofit Public Benefit Corporation ("**Borrower**"), on the one hand, and **EAST WEST BANK** ("**Bank**"), on the other hand. Initially capitalized terms used in this Agreement have the meanings ascribed to such terms in **Annex 1**. In addition, interpretation of UCC terms, accounting terms, and other matters of construction are set forth in **Annex 1**.

The parties hereto hereby agree as follows:

ARTICLE I

LOAN FACILITY

1.1 *Revolving Loans*. Provided that no Event of Default or Default has occurred and is continuing, and subject to the other terms and conditions hereof, Bank agrees to make revolving loans (each a "**Revolving Loan**") to Borrower, upon notice in accordance with Section 1.3(b), from the Closing Date up to but not including the Revolving Loan Maturity Date, the proceeds of which shall be used only for the purposes allowed in Section 5.1(a), subject to the following conditions and limitations:

(a) the aggregate principal amount of the Revolving Loans outstanding after giving effect to any proposed Borrowing of a Revolving Loan shall not exceed the lesser of (i) the Revolving Credit Commitment or (ii) the Borrowing Base; and

(b) Borrower shall not be permitted to borrow, and Bank shall not be obligated to make, any Revolving Loan to Borrower, unless and until all of the conditions for a Borrowing set forth in Section 2.2 have been met to the reasonable satisfaction of Bank;

(c) if, at any time or for any reason, the amount of the Revolving Loans outstanding exceeds the lesser of (i) the Revolving Credit Commitment or (ii) the Borrowing Base (each, an "**Overadvance**"), Borrower shall pay to Bank, upon Bank's election and demand and based on a plan that is mutually acceptable to Bank and Borrower, in cash, the amount of such Overadvance to be used by Bank to repay the outstanding Revolving Loans.

(d) Borrower may repay and, subject to the terms and conditions hereof, reborrow the Revolving Loans. All such repayments shall be without penalty or premium. On the Revolving Loan Maturity Date, Borrower shall pay to Bank the entire unpaid principal balance of the Revolving Loans together with all accrued but unpaid interest thereon.

1.2 *Interest Rates; Payments of Interest*.

(a) *Interest Rates*.

(i) *Revolving Loans*. Subject to the terms and conditions hereof, the Revolving Loans shall bear interest at the greater of (x) Term SOFR plus 2.50% per annum and (y) the floor rate of 4.50% per annum (such greater rate herein referred to as the "**Contract Rate**").

(ii) *Default Rate*. Upon the occurrence and during the continuance of an Event of Default, all Obligations shall bear interest at a rate equal to the lesser of (i) five (5) percentage points above the respective interest rates applicable to such Obligations immediately prior to the occurrence of such Event of Default, or (ii) the maximum amount permitted to be charged under applicable law.

(b) *Computation of Interest.* All computations of interest shall be calculated on the basis of a year of 360 days for the actual days elapsed. Interest shall accrue from the Closing Date to the date of repayment of the Loans in accordance with the provisions of this Agreement; *provided, however*, if a Loan is repaid on the same day on which it is made, then 1 day's interest shall be paid on that Loan. Any and all interest not paid when due shall, at the option of Bank, be added to the principal balance of the applicable Loan and shall bear interest thereafter as provided for in Section 1.2(b).

(c) *Maximum Interest Rate.* Under no circumstances shall the interest rate and other charges hereunder exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. In the event that such a court determines that Bank has received interest and other charges hereunder in excess of the highest rate applicable hereto, such excess shall be deemed received on account of, and shall automatically be applied to reduce, FIRST, the Obligations, other than interest and Bank Product Obligations, in the inverse order of maturity, and SECOND, Bank Product Obligations, and the provisions hereof shall be deemed amended to provide for the highest permissible rate. If there are no Obligations outstanding, Bank shall refund to Borrower such excess.

(d) *Payments of Interest.* All accrued but unpaid interest on the Loans, calculated in accordance with this Section 1.2, shall be due and payable, in arrears, on each and every Interest Payment Date, commencing with the []¹ day of the first full month after the Closing Date.

(e) *Inability to Determine Term SOFR.* Notwithstanding anything herein to the contrary, in the event that (i) the Term SOFR rate is permanently or indefinitely unavailable or unascertainable, (ii) the Term SOFR rate can no longer be lawfully relied upon in contracts of this nature by one or both of the parties, or (iii) the Term SOFR rate does not accurately and fairly reflect the cost of making or maintaining the type of loans or advances under this Agreement and in any such case, such circumstances are unlikely to be temporary, then all references to the interest rate herein will instead be to a replacement rate determined by Bank in its sole judgment, including any adjustment to the replacement rate to reflect a different credit spread, term or other mathematical adjustment deemed necessary by Bank in its sole judgment. Bank will provide reasonable notice to Borrower of such replacement rate, which will be effective on the date of the earliest event set forth in clauses (i)-(iii) of this paragraph. If there is any ambiguity as to the date of occurrence of any such event, Bank's judgment will be dispositive. Bank may also from time to time, in Bank's sole discretion, make any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length or applicability of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) ("*Conforming Changes*") that Bank decides may be appropriate to reflect the adoption and implementation of such replacement rate and to permit the administration of the loans by Bank an administratively and operationally practicable manner. If there is any ambiguity as to the date of occurrence of any such event, Bank's judgment will be dispositive. Bank does not warrant or accept responsibility for, and shall not have any liability with respect to (a) the administration of, submission of, calculation of or any other matter related to any replacement rate, any component definition thereof or rates referenced in the definition thereof or any alternative, comparable or successor rate thereto, including whether the composition or characteristics of any such alternative, comparable or successor rate will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as the immediately preceding interest index rate or any other interest rate index, or (b) the effect, implementation or composition of any Conforming Changes.

1.3 *Notice of Borrowing Requirements.*

(a) Each Borrowing shall be made on a Business Day.

¹ Borrower: please confirm what day of the month you would want to make interest payments on.

(b) Each Borrowing shall be made upon written notice given by an Authorized Officer of Borrower. Bank shall be given such notice no later than 12:00 p.m., Pacific time, on the Business Day on which such Borrowing is to be made, and such notice shall state the amount thereof (subject to the provisions of Section 1.1). Such notice shall be given only by email to the following email address at John.Helgeson@eastwestbank.com, with a copy to []².

(c) So long as all of the conditions for a Borrowing of a Loan set forth herein, including in Section 2.2, have been satisfied, Bank shall make commercially reasonable efforts to provide funds within 48 hours of a request made during business hours, by crediting the proceeds of such Loan on the applicable Borrowing date into Borrower's Account.

1.4 *Increased Costs.*

(a) *Increased Costs Generally.* If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, Bank;

(ii) impose on Bank any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by Bank;

and the result of any of the foregoing shall be to increase the cost to Bank or such other Recipient of making, converting to, continuing or maintaining any Loan or of maintaining its obligation to make any such Loan (whether of principal, interest or any other amount) then, upon request of Bank or other Recipient, Borrower will pay to Bank or other Recipient, as the case may be, such additional amount or amounts as will compensate Bank or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) *Capital Requirements.* If Bank determines that any Change in Law affecting Bank or any lending office of Bank or Bank's holding company, if any, regarding capital or liquidity requirements, has the effect of reducing the rate of return on Bank's capital or on the capital of Bank's holding company, if any, as a consequence of this Agreement, the Revolving Credit Commitment of Bank or the Loans made by Bank, to a level below that which Bank or Bank's holding company could have achieved but for such Change in Law (taking into consideration Bank's policies and the policies of Bank's holding company with respect to capital adequacy), then from time to time Borrower will pay to Bank such additional amount or amounts as will compensate Bank or Bank's holding company for any such reduction suffered. Bank shall certify the amount of such additional cost or reduced amount to Borrower.

(c) *Certificates for Reimbursement.* A certificate of Bank setting forth the amount or amounts necessary to compensate Bank or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to Borrower, shall be conclusive absent manifest error. Borrower shall pay Bank the amount shown as due on any such certificate within ten (10) Business Days after receipt thereof.

(d) *Delay in Requests.* Failure or delay on the part of Bank to demand compensation pursuant to this Section shall not constitute a waiver of Bank's right to demand such compensation; *provided* that Borrower shall not be required to compensate Bank pursuant to this Section 1.4 for any increased costs incurred or reductions suffered more than 9 months prior to the date that Bank notifies Borrower of the Change in Law giving rise to such increased costs or reductions, and of Bank's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or

² EWB: is there anyone else you would like Notices of Borrowing sent to?

reductions is retroactive, then the 9-month period referred to above shall be extended to include the period of retroactive effect thereof).

1.5 *Statements of Obligations.* The Revolving Loans and Borrower's obligation to repay the same shall be evidenced by this Agreement and the books and records of Bank. Bank shall render monthly statements of the Loans to Borrower, including statements of all principal and interest owing on the Loans, and all Fees and Expenses owing, and such statements shall be presumed to be correct and accurate and constitute an account stated between Borrower and Bank unless, within thirty (30) days after receipt thereof by Borrower, Borrower delivers to Bank, at the address specified in Section 7.1, written objection thereof specifying the error or errors, if any, contained in any such statement.

1.6 *Holidays.* Any principal or interest in respect of the Loans which would otherwise become due on a day other than a Business Day, shall instead become due on the next succeeding Business Day and such adjustment shall be reflected in the computation of interest; *provided, however,* that in the event that such due date shall, subsequent to the specification thereof by Bank, for any reason no longer constitute a Business Day, Bank may change such specified due date in accordance with this Section 1.6.

1.7 *Time and Place of Payments.*

(a) Borrower hereby authorizes Bank to charge Borrower's Account, or any other demand deposit account maintained by Borrower with Bank, for the amount of any payment due or past due hereunder or under any Loan Document, for the full amount thereof. Should there be insufficient funds in any such demand deposit account to pay all such sums when due, the full amount of such deficiency shall be immediately due and payable in readily available funds by Borrower.

(b) In addition, Borrower hereby authorizes Bank at its option, to be exercised in Bank's Permitted Discretion, without prior notice to Borrower, to make an advance of a Revolving Loan for any past due payment hereunder, including principal and interest owing on the Loans, the Fees and all Expenses, and to pay the proceeds of such Revolving Loan to Bank for application toward such past due payment.

1.8 *Application of Payments.* Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest as shown on the most recent statement or bill provided to Borrower pursuant to Section 1.5 (if no statement or bill has been provided for any reason, it shall be applied to the unpaid interest accrued since the last payment); then to principal; then to any to any other fees, costs and expenses then due and payable under the Loan Documents, including, but not limited to, any Late Payment Fees (as defined in Section 1.9(b)); and then to any unpaid collection costs. Borrower will pay Bank in accordance with Section 1.7 or in such other manner as Bank may designate in writing.

1.9 *Fees.*

(a) Borrower shall pay to Bank an annual fee (the "*Revolving Credit Commitment Fee*") in the amount equal to (i) \$45,000.00, due on the Closing Date, and (ii) 0.50% of the Revolving Credit Commitment, payable on each anniversary of the Closing Date. The Revolving Credit Commitment Fee shall be fully earned and nonrefundable.

(b) If any payment due hereunder, whether for principal, interest, or otherwise, is not made within 10 days after the date such payment is due, Borrower shall pay Bank a late fee equal to the lesser of (i) 6% of the unpaid portion of the regularly scheduled payment or \$5.00, whichever is greater, or (ii) the maximum amount permitted to be charged under Applicable Law (the "*Late Payment Fee*").

Borrower authorizes Bank, at its sole option, to (i) debit the loan account on or after the Closing Date, (ii) debit any other deposit account Borrower maintains with Bank, or (iii) make demand upon Borrower, for payment of the Revolving Credit Commitment Fee, any Late Payment Fees, any attorneys' fees and expenses incurred by Bank in connection with the negotiation and documentation of the Loan by counsel retained by Bank, or any other fees and expenses that become due through the Closing Date or after the Closing Date.

1.10 *Protective Advances.* Borrower hereby authorizes Bank, from time to time in Bank's sole discretion, after the occurrence and during the continuance of an Event of Default or Default, to make a Revolving Loan to Borrower in an aggregate amount not to exceed 10% of the Revolving Credit Commitment that Bank, in its Permitted Discretion deems necessary or desirable (1) to preserve or protect the Collateral, or any portion thereof, (2) to enhance the likelihood of repayment of the Obligations, or (3) to pay any other amount chargeable to Borrower pursuant to the terms of this Agreement and/or any Loan Document, including Expenses (the Revolving Loans described in this Section 1.10 shall be referred to as "*Protective Advances*"). Each Protective Advance shall be deemed to be a Revolving Loan hereunder. The Protective Advances shall be repayable within three (3) Business Days after demand, secured by the Collateral, constitute Obligations hereunder, and bear interest at the Contract Rate. The provisions of this Section 1.10 are for the exclusive benefit of Bank and are not intended to benefit Borrower in any way.

1.11 *Taxes.*

(a) *Defined Terms.* For purposes of this Section 1.11 the term "Applicable Law" includes FATCA.

(b) *Payments Free of Taxes.* Any and all payments by or on account of any obligation of Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made. Any Recipient that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to Borrower, at the time or times reasonably requested by Borrower, such properly completed and executed documentation reasonably requested by Borrower as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Recipient, if reasonably requested by Borrower, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by Borrower as will enable Borrower to determine whether or not Bank is subject to backup withholding or information reporting requirements. Without limiting the generality of the foregoing, a Recipient that is a U.S. Person shall deliver to Borrower on or prior to the Closing Date or later date on which such Recipient becomes a lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), executed originals of IRS Form W-9 certifying that such Recipient is exempt from U.S. federal backup withholding Tax; and

(c) *Payment of Other Taxes by Borrower.* Borrower shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or at the option of Bank timely reimburse it for the payment of, any Other Taxes.

(d) *Indemnification by Borrower.* Borrower shall indemnify each Recipient, within ten (10) Business Days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 1.11)

payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by Bank shall be conclusive absent manifest error.

(e) *Evidence of Payments.* As soon as practicable after any payment of Taxes by Borrower to a Governmental Authority pursuant to this Section 1.11, Borrower shall deliver to Bank the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Bank.

(f) *Survival.* Each party's obligations under this Section 1.11 shall survive the termination of the Revolving Credit Commitment and the repayment, satisfaction or discharge of all obligations under any Loan Document.

1.12 *Indemnity.* Borrower hereby agrees to indemnify Bank and to hold Bank harmless from any funding loss or expense which Bank may sustain or incur as a direct result of default by Borrower in making any prepayment after Borrower has given a notice in accordance with the terms hereof, in each case including, but not limited to, any such loss or expense arising from interest or fees payable by Bank to lenders of funds obtained by it in order to maintain its Loans hereunder. A certificate as to any additional amounts payable pursuant to this Section 1.12 submitted by Bank to Borrower shall be conclusive in the absence of manifest error. The agreements in this Section 1.12 shall survive termination of this Agreement and payment of the Loans and all other amounts payable hereunder.

1.13 *Termination and Reduction of Commitment.*

(a) *Revolving Credit Commitment.* The Revolving Credit Commitment shall terminate on the Revolving Loan Maturity Date. Borrower may terminate or permanently reduce all or any portion of the Revolving Credit Commitment at any time, upon thirty (30) days' written notice to Bank. In the event of any reduction of the Revolving Credit Commitment, Borrower shall, concurrent with such reduction, pay to Bank in immediately available funds the amount by which the aggregate outstanding principal balance of the Revolving Loans exceeds the Revolving Credit Commitment as so reduced, plus all accrued interest on such amount. In the event of any termination of the Revolving Credit Commitment, Borrower shall, concurrent with such termination, pay to Bank, in immediately available funds, the entire outstanding balance of the Obligations (other than (i) Bank Product Obligations that have been collateralized to Bank's satisfaction, and (ii) inchoate indemnification obligations). Once reduced, the Revolving Credit Commitment may not be increased without the written agreement of both Bank and Borrower.

ARTICLE II

CONDITIONS TO CLOSING

2.1 *Conditions to Initial Loans.* Bank's obligation to make the initial Loans is subject to and contingent upon the fulfillment of each of the conditions set forth in **Annex 2** to the satisfaction of Bank and its counsel.

2.2 *Conditions to all Loans.* Bank's obligation hereunder to make any Loans (including the initial Loans), is further subject to and contingent upon the fulfillment of each of the following conditions to the satisfaction of Bank:

- (a) receipt by Bank of notice as required by Section 1.3(b);

(b) receipt by Bank of a certification executed by Borrower's Authorized Officer, setting forth the ADA of Borrower for the defined period (e.g., P1, P2 attendance month);

(c) the fact that, immediately before and after such Borrowing, no Event of Default or Default shall have occurred or be continuing;

(d) the fact that the representations and warranties of Borrower contained in the Loan Documents shall be true and correct in all material respects on and as of the date of such Borrowing (except to the extent any such representation or warranty expressly relates only to any earlier and/or specified date);

(e) evidence that new Assignment Notices covering new periods have been sent to the appropriate payors or Account Debtors, as required by Bank.

2.3 *Condition Subsequent to all Loans.* Bank's obligation hereunder to make any Loans to Borrower, is further subject to and contingent upon the fulfillment of the following condition subsequent, by the dates provided below and to the satisfaction of Bank:

(a) On or before the date that is thirty (30) days after the Closing Date, originals of all executed Assignment Notices that need to be sent to all Account Debtors or payors.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

In order to induce Bank to enter into this Agreement and to make Loans, Borrower represents and warrants to Bank that on the Closing Date and on the date of each Borrowing:

3.1 *Legal Status.* Borrower is a Non Profit Public Benefit Corporation, and is duly organized and existing under the laws of the state of California. Borrower currently has 501(c)(3) status under the IRC. Borrower has the power and authority to own its own Assets and to transact the business in which it is engaged, and is properly licensed, qualified to do business and in good standing in California, where failure to so qualify would reasonably be expected to have a Material Adverse Effect. Borrower has delivered to Bank accurate and complete copies of its Governing Documents which are operative and in effect as of the Closing Date.

3.2 *No Violation; Compliance.* The execution, delivery and performance of the Loan Documents to which Borrower is a party, and the consummation of the transactions contemplated hereby and thereby, are within Borrower's powers, are not in conflict with the terms of the Governing Documents of Borrower, and do not result in a breach of or constitute a default under any contract, obligation, indenture or other instrument to which Borrower is a party or by which Borrower is bound or affected, which breach or default would reasonably be expected to have a Material Adverse Effect. There is no law, rule or regulation (including Regulations T, U and X of the Federal Reserve Board), nor is there any judgment, decree or order of any court or Governmental Authority binding on Borrower which would be contravened by the execution, delivery, performance or enforcement of the Loan Documents to which Borrower is a party.

3.3 *Authorization; Enforceability.* Borrower has taken all corporate, partnership or limited liability company, as applicable, action necessary to authorize the execution and delivery of the Loan Documents to which Borrower is a party, and the consummation of the transactions contemplated hereby and thereby. Upon their execution and delivery in accordance with the terms hereof, the Loan Documents to which Borrower is a party will constitute legal, valid and binding agreements and obligations of Borrower enforceable against Borrower in accordance with their respective terms, except as

enforceability may be limited by bankruptcy, insolvency, and similar laws and equitable principles affecting the enforcement of creditors' rights generally.

3.4 *Approvals; Consents.* No approval, consent, exemption or other action by, or notice to or filing with, any Governmental Authority is necessary in connection with the execution, delivery, performance or enforcement of the Loan Documents except those that have been obtained or provided or which the failure to obtain would not reasonably be expected to have a Material Adverse Effect. All requisite Governmental Authorities and third parties have approved or consented to the transactions contemplated by the Loan Documents, and all applicable waiting periods have expired, to the extent the failure to obtain such approval or consent, or satisfy such waiting period, would reasonably be likely to have a Material Adverse Effect, and all applicable waiting periods have expired and there is no governmental or judicial action, actual or threatened, that has or could have a reasonable likelihood of restraining, preventing or imposing materially burdensome conditions on the transactions contemplated by the Loan Documents.

3.5 *Liens.* Borrower has good and marketable title to, or valid leasehold interests in, all of its Assets, free and clear of all Liens or rights of others, except for Permitted Liens.

3.6 *Debt.* Borrower has no Debt other than Permitted Debt.

3.7 *Litigation.* Except as set forth in **Schedule 3.7**, there are no suits, proceedings, claims or disputes pending or, to the Knowledge of Borrower, threatened, against or affecting Borrower or any of Borrower's Assets (a) which are not fully covered by applicable insurance, and as to which no reservation of rights has been taken by the insurer thereunder, (b) seek injunctive relief, or (c) which would, in the reasonable opinion of Borrower, have a Material Adverse Effect. Borrower nor any of Borrower's Assets is subject to any injunction, writ, temporary restraining order or any other order of any court or other Governmental Authority that is not being properly contested.

3.8 *No Default.* No Event of Default or Default has occurred and is continuing or would result from the incurring of obligations by Borrower under this Agreement or the Loan Documents that would reasonably be expected to have a Material Adverse Effect.

3.9 *Charter School Status; Voting Rights and Management.* (i) Borrower has a duly authorized charter school contract, the description of which is set forth in Schedule 3.9 attached hereto and incorporated herein by this reference, is in good standing with the relevant authorizing entity, and operates a "charter school" in accordance with the Charter School Act, (ii) Borrower has no Knowledge of any fact or circumstance which with the passage of time or the giving of notice would result in a revocation or termination of Borrower's Charter Contract or a reduction in the payments to be made to Borrower from the relevant authorities due to its charter school status and any such Charter Contract, (iii) Borrower has no reason to believe that its Charter Contract will not be renewed in accordance with and as required by the Charter School Act and the applicable laws of the State of California; (iv) to the best of Borrower's Knowledge, the Charter Contract is in full force and effect; and (v) to the best of Borrower's Knowledge, Borrower is in full compliance with all applicable terms and provisions of its Charter Contract and all applicable laws and requirements of the State of California and each Granting Authority relating to the ownership and operation of charter schools generally and Borrower's Charter School specifically, except where the failure to comply would not be expected to have a Material Adverse Effect.

3.10 *Taxes.* All tax returns required to be filed by Borrower in any jurisdiction have in fact been filed, except for such tax returns where the failure to file would not reasonably be expected to have a Material Adverse Effect. All material taxes, assessments, fees and other governmental charges upon Borrower or upon any of their Assets, income or franchises, which are due and payable have been paid, other than such taxes, assessments, fees and other governmental charges being contested in good faith by appropriate proceedings, and for which adequate reserves have been set aside with respect thereto as required by GAAP and, by reason of such contest or nonpayment, no property is subject to a material

risk of loss or forfeiture. The provisions for taxes on the books of Borrower are adequate for all open years, and for Borrower's current fiscal period.

3.11 *Correctness of Financial Statements; No Material Adverse Change.* Borrower's audited Financial Statement as of the Fiscal Year ended June 30, 2023, and Borrower's internally-prepared Financial Statements for the Fiscal Year ended June 30, 2024, and all other information and data furnished by Borrower to Bank in connection therewith, taken as a whole, are complete and correct in all material respects, and accurately and fairly present the financial condition and results of operations of Borrower in all material respects as of their respective dates. Any forecasts of future financial performance delivered by Borrower to Bank have been made in good faith and are based on reasonable assumptions and investigations by Borrower. All Financial Statements have been prepared in accordance with GAAP and the California Education Code, subject to year-end adjustments and absence of footnotes in the case of monthly and quarterly Financial Statements. Since the date of the most recent Financial Statements delivered to Bank, there has been no change in Borrower's financial condition or results of operations, taken as a whole, sufficient to have a Material Adverse Effect. Borrower does not have any contingent obligations, liabilities for taxes or other outstanding financial obligations which are material in the aggregate, except as disclosed in such Financial Statements.

3.12 *Employee Benefits.* Borrower is in full compliance with all laws and regulations regarding all Employee Benefit Plans, including Section 436 of the IRC, for which it has any financial obligation.

3.13 *Full Disclosure.* Borrower has disclosed to Bank all agreements, instruments and corporate or other restrictions to which it is subject, and all other matters known to it, that, individually or in the aggregate, would reasonably be expected to result in a Material Adverse Effect. All information furnished in writing by or on behalf of Borrower and delivered to Bank in connection with this Agreement or the consummation of the transactions contemplated hereunder or thereunder (such information taken as a whole) does not, as of the time of delivery of such information, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein or herein not misleading in light of the circumstances under which they were made (excluding projections made by Borrower in good faith and used by Borrower internally which are forwarded to Bank for which Borrower may represent and warrant that the same were prepared on the basis of information and estimates that Borrower believed to be reasonable at the time made, and such projections do not constitute a representation or warranty that the results set forth therewith be met; it being acknowledged and agreed by Bank that uncertainty is inherent in any forecasts, projections and other forward-looking information, projections as to future events or conditions are not to be viewed as facts, and the actual results during the period or periods covered by such forecasts may differ materially from the projected results).

3.14 *Other Obligations.* Borrower is not in default on any (i) Debt or (ii) any other lease, commitment, contract, instrument or obligation which is material to the operation of its business, other than defaults which individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

3.15 *Investment Company Act.* Borrower is not an investment company, or a company controlled by an investment company, within the meaning of the Investment Company Act of 1940, as amended.

3.16 *Solvency.* Borrower is Solvent. No transfer of property is being made by Borrower and no obligation is being incurred by Borrower in connection with the transactions contemplated by this Agreement or the Loan Documents with the intent to hinder, delay, or defraud either present or future creditors of Borrower.

3.17 *Brokers.* No broker or finder brought about the obtaining, making or closing of the Loans or transactions contemplated by the Loan Documents, and neither Borrower nor any Affiliate thereof has any obligation to any Person in respect of any finder's or brokerage fees in connection therewith.

3.18 *Material Contracts.* **Schedule 3.18** attached hereto sets forth all Material Contracts (other than the Charter Contract) to which Borrower is a party or is bound. Borrower is not in breach or in default in any material respect of or under any Material Contract and has not received any notice of the intention of any other party thereto to terminate any Material Contract prior to the stated term.

3.19 *Casualty.* Neither the businesses nor the Assets of Borrower are affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance) that, either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

3.20 *Compliance with Sanctions and Anti-Terrorism Laws.* As of the Closing Date and in the three years prior thereto, neither Borrower, either directly or through a third party acting on its behalf, nor, to the Knowledge of the Borrower, any of its respective directors, officers or employees (i) has or has had any of its assets in a country (a "**Sanctioned Country**") that is subject to a sanctions program (a "**Sanctions Program**") maintained by the U.S. Treasury Department/Office of Foreign Asset Control, the U.S. Treasury Department/Financial Crimes Enforcement Network, the U.S. State Department/Directorate of Defense Trade Controls, the U.S. Commerce Department/Bureau of Industry and Security or the U.S. Justice Department, (ii) does or has done business with or derives or has derived any of its operating income from investments in or transactions with any individual, entity, group or regime subject to, or specially designated under, any Sanctions Program (each, a "**Sanctioned Person**"), (iii) uses or has used any of its assets to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Country or (iv) is or was in violation of the Patriot Act, the Bank Secrecy Act of 1970, as amended, the Trading with the Enemy Act, the Racketeer Influenced and Corrupt Organizations Act, the U.S. Foreign Corrupt Practices Act of 1977, the UK Bribery Act of 2010 or the Iran Threat Reduction and Syria Human Rights Act of 2012, any other applicable Anti-Terrorism Law, any foreign asset control regulations of the United States Treasury Department or any enabling legislation or executive orders related to any of the foregoing (including, without limitation, Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)) and Executive Order 13382 of June 28, 2005 Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters (70 Fed. Reg. (2005))) and the transactions contemplated hereby and use of the proceeds of the Loans will not violate any such law. The Borrower has instituted and maintains appropriate policies, procedures and internal controls designed to ensure continued compliance with such laws.

3.21 *OFAC.* Borrower (i) is not a Person whose property or interest in property is blocked or subject to blocking pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)), or Executive Order 13382 of June 28, 2005 Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters (70 Fed. Reg. (2005)), (ii) does not engage in any dealings or transactions prohibited by Section 2 of such executive order, or is otherwise, to the Knowledge of the Borrower, associated with any such Person in any manner violative of such Section 2 of such executive order, or (iii) is not a Person on the list of Specially Designated Nationals and Blocked Persons or subject to the limitations or prohibitions under any other OFAC regulation or executive order.

3.22 *Patriot Act.* Borrower is in compliance with the Patriot Act. No part of the proceeds of the Loans will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

3.23 *No Material Adverse Effect.* For each Borrowing, since the Closing Date, there has been no event, change, circumstance or occurrence that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect that is continuing.

3.24 *Beneficial Ownership Certification.* The information included in the Beneficial Ownership Certification is true and correct in all respects.

ARTICLE IV

AFFIRMATIVE COVENANTS

Borrower covenants and agrees that from the Closing Date and thereafter until the payment, performance and satisfaction in full, in cash, of the Obligations, all of Bank's obligations hereunder have been terminated (other than (i) Bank Product Obligations that have been collateralized to Bank's satisfaction and (ii) inchoate indemnification obligations), Borrower shall:

4.1 *Punctual Payments.* Punctually pay the interest and principal on the Loans, the Fees and all Expenses and any other fees and liabilities due under this Agreement and the Loan Documents at the times and place and in the manner specified in this Agreement or the Loan Documents.

4.2 *Books and Records; Collateral Audits; Account Verification.*

(a) Maintain adequate books and records in accordance with GAAP and the California Education Code, and permit any officer, employee or agent of Bank, at any time and from time to time, to inspect, audit and examine such books and records, and to make copies of the same; *provided* that, so long as no Event of Default exists, such inspections, audits and examinations shall occur during normal business hours and upon 1 day's prior notice, provided, further, that, so long as no Event of Default exists, there shall be no more than one audit per contract year. In connection with any Bank audit, Borrower shall pay to Bank its standard and customary audit fee ("**Audit Fee**") for each audit plus all Expenses in connection therewith, payable upon demand.

(b) Whether or not a Default or Event of Default exists, permit Bank at any time and from time to time, in the name of Bank or Borrower, to verify the validity, amount or any other matter relating to any Accounts or State Payments of Borrower by mail, telephone or otherwise. Borrower shall cooperate fully with Bank in an effort to facilitate and promptly conclude any such verification process; *provided, however*, that unless a Default or Event of Default exists, such verifications shall only be performed in connection with an audit pursuant to Section 4.2(a) hereof or more frequently if Bank determines in its Permitted Discretion that a Material Adverse Effect has occurred.

4.3 *Collateral and Financial Reporting.* Deliver to Bank the following, all in form and detail satisfactory to Bank:

(a) Financial Records and Reports. Maintain its books and records in accordance with GAAP, applied on a consistent basis, and permit Bank to examine and audit Borrower's books and records at all reasonable times.

(b) Reporting Requirements. Borrower shall furnish to Bank all of the reports listed below, concurrently with distribution of the same to the Granting Authority or the State and/or its Board of Directors, including to a committee or sub-committee of its Board of Directors, where indicated. Such reporting shall include school-by-school and Consolidated reports as the case may be. All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, applied on a consistent basis, certified by an Authorized Officer of Borrower as being true, correct and complete, and shall be delivered to Bank only through the Bank's electronic share-file that Bank shall provide Borrower access to. For the avoidance of doubt, the reporting below must include an annual, unaudited, Consolidated financial report of Borrower and Borrower's federal and state tax returns.

(i) Monthly ADA Attendance and Enrollment Reports;

(ii) P1 and P2 summary ADA Attendance and Enrollment Reports, concurrently with submission to the State, along with a Borrowing Base Certificate;

(iii) All financial reports, concurrently with submission to the Granting Authority, the State or Borrower's governing board, for compliance purposes. Such financial reports shall include, in final or draft form, Borrower's annual audit, 1st Interim Report and 2nd Interim Report and the budget for the new fiscal year as approved by its Board of Directors;

(iv) A list of any updated or new Material Contracts, in the form of a revised **Schedule 3.18**;

(v) The Board of Directors Packets concurrently with distribution to Borrower's Board of Directors members for any meeting of its Board of Directors;

(vi) Immediately upon receipt, provide to Bank any communication from the Granting Authority, or from any regulatory body of any type, regarding any potential or alleged violation of Borrower's or Charter School's Charter Contract;

(vii) Borrower shall notify Bank in writing of any changes in key personnel and their replacements, within ten (10) days of when change occurs or is decided, whichever is sooner.

(viii) promptly upon receipt by Borrower, copies of any and all reports and management letters submitted to Borrower by any certified public accountant in connection with any examination of Borrower's financial records made by such accountant;

(ix) no later than the date which is thirty (30) days after the date of submission to each Granting Authority, a copy of all reporting required to be delivered pursuant to Section 47604.33 of the Charter School Act, together with any other reports, financial statements and reporting required to be delivered to each Granting Authority;

(x) Any communication from the Granting Authority, government or quasi-government authority that may be considered material in its nature and possible impact on the operations of the Borrower. This includes, but is not limited to (i) Deficiency Notices, (ii) all Granting Authority inspection reports, audits, surveys, investigations, reviews and evaluations, and (iii) all material notices and written communications as well as copies of all responses of Borrower and its agents to any and all such reports;

(xi) from time to time, operating statistics, operating plans and any other forms, reports and information as Bank may reasonably request, promptly upon such request, including, without limitation, all information that any Governmental Authority with regulatory oversight over Bank may request or require;

4.4 *Existence; Preservation of Licenses; Compliance with Law.* Preserve and maintain, its corporate, limited liability company, or other entity existence and good standing in the state of its organization, qualify and remain qualified, as a foreign corporation, limited liability company, or other entity in every jurisdiction except where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect; and preserve and maintain its 501(c)(3) status; and preserve and maintain all of its licenses, permits, governmental approvals, rights, privileges and franchises required for its operations, including its "charter school" status under the Charter School Act, if applicable; and comply,

with the provisions of its Governing Documents; and comply with the requirements of all Applicable Laws of any Governmental Authority having authority or jurisdiction over it except where the failure to so comply would not reasonably be expected to have a Material Adverse Effect; and comply with all requirements for the maintenance of its business, insurance, licenses, permits, governmental approvals, rights, privileges and franchises, except where the failure to so comply would not reasonably be expected to have a Material Adverse Effect.

4.5 *Insurance.*

(a) Maintain with financially sound and reputable insurance companies, at Borrower's expense, insurance that is in full compliance with the Charter Contract and any requirement from the Granting Authority. Borrower also shall maintain business interruption, public liability, and product liability insurance, as well as insurance against larceny, embezzlement, and criminal misappropriation and directors and officers liability insurance. All such policies of insurance shall be in such amounts and with such insurance companies as are reasonably satisfactory to Bank. Upon request, Borrower shall deliver copies of all such policies to Bank with a satisfactory lender's loss payable endorsements (but only in respect of Collateral) and additional insured endorsements (with respect to general liability coverage), and shall contain a waiver of warranties. Each policy of insurance or endorsement shall contain a clause requiring the insurer to give not less than 30 days' (or 10 days in the case of non-payment) prior written notice to Bank in the event of cancellation of the policy or, if the insurer does not provide such notice, Borrower agrees to provide notice of same to Bank within three (3) days of receipt, and the insurer's agreement that any loss payable thereunder shall be payable notwithstanding any act or negligence of Borrower or Bank which might, absent such agreement, result in a forfeiture of all or a part of such insurance payment.

(b) Borrower shall make Bank an additional insured or loss payee, as appropriate, on all policies required by the Granting Authority, pursuant to endorsements that are in form and substance acceptable to Bank.

4.6 *Taxes and Other Liabilities.* Pay and discharge when due (a) any and all assessments and taxes, both real or personal and including federal and state income taxes, other than (i) such taxes and assessments being contested in good faith by appropriate proceedings.

4.7 *Additional Notices to Bank.* Promptly, upon Borrower acquiring Knowledge thereof, give written notice to Bank, accompanied by copies of all related correspondence and notices received, of:

- (a) any notice received from the IRS regarding Borrower's 501(c)(3) status;
- (b) all litigation affecting Borrower that if adversely determined would result in a Material Adverse Effect;
- (c) any dispute which may exist between Borrower, on the one hand, and any Governmental Authority, on the other hand which would reasonably be expected to result in a Material Adverse Effect;
- (d) any labor controversy resulting in or threatening in writing to result in a strike against Borrower;
- (e) any proposal by any Governmental Authority to acquire all, or substantially all, of the Assets or business of Borrower;
- (f) any notice of termination of any of Borrower's leases for its school premises or any disruption or suspension in its school operations;

(g) all communications and notices received by Borrower from any Granting Authority, including any relating to complaints (together with Borrower's proposed responses to same), or the revocation, termination or non-renewal of the Charter Contract of Charter School or Borrower;

(h) the intention by Borrower to close its Charter School or to surrender its Charter Contract;

(i) any Event of Default or Default; and

(j) any other matter which has resulted or could reasonably be expected to result in a Material Adverse Effect.

4.8 *Compliance with ERISA and the IRC.* In addition to and without limiting the generality of Section 4.4, (a) comply in all material respects with applicable provisions of ERISA and the IRC with respect to all Employee Benefit Plans, (b) operate each Employee Benefit Plan in such a manner that will not incur any material tax liability under the IRC (including Section 4980B of the IRC), and (c) furnish to Bank upon Bank's written request such additional information about any Employee Benefit Plan for which Borrower or ERISA Affiliate could reasonably expect to incur any material liability. With respect to each Pension Plan (other than a Multiemployer Plan) except as could not reasonably be expected to result in liability to the Borrower, the Borrower and the ERISA Affiliates shall (i) satisfy in full and in a timely manner, without incurring any late payment or underpayment charge or penalty and without giving rise to any Lien, all of the contribution and funding requirements of the IRC and of ERISA, and (ii) pay, or cause to be paid, to the PBGC in a timely manner, without incurring any late payment or underpayment charge or penalty, all premiums required pursuant to ERISA.

4.9 *Further Assurances.* Execute and deliver, or cause to be executed and delivered, upon the request of Bank and at Borrower's expense, such additional documents, instruments and agreements as Bank may reasonably determine to be necessary or advisable to carry out the provisions of this Agreement and the Loan Documents, and the transactions and actions contemplated hereunder and thereunder.

4.10 *Cash Management Services.* By no later than 60 days following the Closing Date, maintain its primary Cash Management Services with Bank, and enter into such restricted and other account agreements as Bank shall reasonably require. By no later than 60 days following the Closing Date, Borrower shall also irrevocably direct, in the form of the Assignment Notice or as otherwise acceptable to Bank, all Account Debtors and other payors to be paid by such Account Debtors and other payors, by electronic funds transfers or otherwise, directly into Borrower's restricted accounts or a collection account that are designated by and held at Bank. Such restricted accounts or collection account shall either be in the name of Bank or shall be blocked and controlled by Bank, and all funds received therein shall be applied first to pay any interest and other Obligations then due and payable, and the balance thereof shall be transferred to Borrower's operating account. Notwithstanding the foregoing, Borrower shall be permitted to maintain cash in deposit accounts at depository institutions other than the Bank, *provided* that (i) such deposit accounts are listed on Schedule 1 to the Security Agreement, and (ii) the total amount of funds in all such deposit accounts shall not at any time exceed one percent (1.0%) of Borrower's gross revenues, as set forth in the most recent audit approved in writing by Bank.

4.11 *Covenants Regarding Charter School Act.* Borrower shall comply with all of the following covenants:

(a) observe and perform all obligations imposed on Borrower in connection with the Charter School Act, including the obligation to maintain the required charter elements in accordance with Section 47605 of the Charter School Act; and

(b) exercise good faith in all activities relating to its operations in accordance with the requirement of the Charter School Act.

4.12 *Operations.* Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Bank of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

4.13 *Annual Compliance Certificate.* Unless waived in writing by Bank, provide Bank at least annually, with a Compliance Certificate executed by Borrower's Authorized Officer, certifying that the representations and warranties set forth in this Agreement are true and correct as of the date of the certificate, compliance with the financial covenants, and further certifying that, as of the date of the certificate, no Event of Default exists under this Agreement.

4.14 *Primary Banking Relationship.* Subject to Section 4.10, by no later than 60 days following the Closing Date, and so long as this Agreement is effective, Borrower shall maintain its primary banking relationship with Bank. This includes, but is not limited to, setting up general operating accounts, administrative deposit accounts, and designated accounts into which all State Payments will be delivered by the appropriate state agent such as a local district or county treasury. These account(s) may be blocked or restricted by Bank from and after the occurrence of an Event of Default.

4.15 *Beneficial Ownership.* Promptly following any request therefor, Borrower shall provide information and documentation reasonably requested by Bank for purposes of compliance with applicable "know your customer" requirements under the Patriot Act, the Beneficial Ownership Regulation or other applicable anti-money laundering laws, including but not limited to a Beneficial Ownership Certification form acceptable to Bank.

ARTICLE V

NEGATIVE COVENANTS

Borrower further covenants and agrees that from the Closing Date and thereafter until the payment, performance and satisfaction in full, in cash, of the Obligations, all of Bank's obligations hereunder have been terminated other than (i) Bank Product Obligations that have been collateralized to Bank's satisfaction, and (ii) inchoate indemnification obligations, Borrower shall not without the written approval of Bank:

5.1 *Use of Funds; Margin Regulation*

(a) Use any proceeds of the Revolving Loans for any purpose other than its business operations in California and for working capital or for any other purpose that would not violate any Applicable Law or is not otherwise prohibited hereunder; or

(b) Use any portion of the proceeds of the Loans in any manner which might cause the Loans, the application of the proceeds thereof, or the transactions contemplated by this Agreement to violate Regulation T, U, or X of the Board of Governors of the Federal Reserve System, or any other regulation of such board, or to violate the Securities and Exchange Act of 1934, as amended or supplemented.

5.2 *Debt.* Create, incur, assume or suffer to exist any Debt except Permitted Debt.

5.3 *Liens.* Create, incur, assume or suffer to exist any Lien (including the Lien of an attachment, judgment or execution) on any of its Assets, whether now owned or hereafter acquired, except Permitted Liens; or authorize the filing under the UCC as adopted in any jurisdiction, a financing statement which names Borrower as a debtor, except with respect to Permitted Liens, or sign any security

agreement authorizing any secured party thereunder to file such a financing statement, except with respect to Permitted Liens.

5.4 *Merger, Consolidation, and Transfer or Acquisition of Assets.* Wind up, liquidate or dissolve, reorganize, reincorporate, merge or consolidate with or into any other Person, or directly or indirectly acquire all or substantially all of the Assets or the business of any other Person or any business or division of any other Person.

5.5 *Dispositions.* Conduct any Dispositions, other than Permitted Dispositions.

5.6 *Investments.* Make directly or indirectly, any Investment or incur any liabilities (including contingent obligations) for or in connection with any Investment, other than Permitted Investments.

5.7 *Character of Business.* Engage in any business activities or operations substantially different from or unrelated to its present business activities and operations.

5.8 *Change in Control.* Have a Change in Control; *provided that* the foregoing clause shall not apply to any Change in Control pursuant to which the Obligations are indefeasibly paid in full in cash contemporaneously with the close or consummation of such transaction and the Bank's obligations to make any Loans are terminated as of the close or consummation of such transaction.

5.9 *Guarantee.* Except for Permitted Debt or any Guarantee of Permitted Debt, assume, Guarantee, endorse (other than checks and drafts received by Borrower in the ordinary course of business), or otherwise be or become directly or contingently responsible or liable (including, any agreement to purchase any obligation, stock, Assets, goods, or services or to supply or advance any funds, Assets, goods, or services, or any agreement to maintain or cause such Person to maintain, a minimum working capital or net worth, or otherwise to assure the creditors of any Person against loss) for the obligations of any other Person; or pledge or hypothecate any of its Assets as security for any liabilities or obligations of any other Person.

5.10 *Transactions with Affiliates.* Enter into any transaction, including borrowing or lending and the purchase, sale, or exchange of property or the rendering of any service (including management services), with any Affiliate other than in the ordinary course of and pursuant to the reasonable requirements of Borrower's business and upon fair and reasonable terms no less favorable to Borrower than would obtain in a comparable arm's length transaction with a Person not an Affiliate.

5.11 *Financial Condition.* Permit or suffer:

(a) the Debt Coverage Ratio, measured as of the end of each Fiscal Year, for such Fiscal Year, commencing with the Fiscal Year ending June 30, 2025, at any time to be less than 1.01:1.00, based on fiscal year-end financial statements.

(b) the ADA from P1 to P2 in the same year to be less than 90% of the ADA from P2 in one year to P2 in the next year, measured as of the end of each Fiscal Year.

(c) ratio of revenues to operating expenses (positive net change in assets), measured year to date at 1st interim, 2nd interim and Fiscal Year end, commencing with 1st interim in the 2024-25 school year, at any time to be less than 1.01:1.00.

5.12 *OFAC.* (i) become a Person whose property or interests in property are blocked or subject to blocking pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit or Support Terrorism (66 Fed. Reg. 49079(2001)), (ii) engage in any dealings or transactions prohibited by Section 2 of such executive order, or be otherwise, to the Knowledge of Borrower, associated with any such person in any

manner violative of such Section 2 of such executive order, or (iii) otherwise become a Person on the list of Specially Designated Nationals and Blocked Persons or subject to the limitations or prohibitions under any other OFAC regulation or executive order.

5.13 *Fiscal Year*. Change its Fiscal Year.

5.14 *Sale of Accounts*. Make any sales of its Payment Intangibles, including its rights in, to and with respect to State Payments and the right to receive the same and the proceeds of the same to any Person without written consent of Bank.

5.15 *Burdensome Agreements*. Enter into any contractual obligation (other than any Loan Document) that: (a) limits the ability of the Borrower to create, incur, assume or suffer to exist Liens on property of such Person in favor of Bank; (b) would be violated or breached by the Borrower's performance and payment of the Obligations; or (c) requires the grant of a Lien (other than a Permitted Lien) to secure an obligation of such Person if a Lien is granted to secure another obligation of such Person.

5.16 *Amendments of Certain Documents*. Amend or otherwise modify, or waive any rights under any provisions of any Governing Document other than amendments, modifications and waivers that are not materially adverse to the interests of Bank.

5.17 *Charter School Status*. Perform any act or enter into any agreement that (i) shall cause any revocation or material adverse modification of or otherwise materially jeopardize Borrower's Charter Contract to operate the Charter School, (ii) shall cause a material adverse effect on the ownership, funding and operation of the Charter School in accordance with all laws, regulations and requirements of each Granting Authority, (iii) would materially threaten or not permit Borrower's continued ability to receive and to continue to receive funding in an amount sufficient to cover all of its actual and anticipated operating expenses and otherwise to enable Borrower to continue its economic viability, (iv) would or could result in the material curtailment of or ban on student enrollment and/or participation in Borrower's school programs, or (v) would or could be in violation of any applicable laws, regulations or other agreements with any Granting Authority

5.18 *Continuity of Operations*. (1) Engage in any business activities substantially different than those in which Borrower is presently engaged or (2) cease operations, liquidate, merge or restructure as a legal entity (whether by division or otherwise), consolidate with or acquire any other entity, change its name, convert to another type of entity or re-domesticate, dissolve or transfer or sell Collateral.

5.19 *Distributions*. Pay any dividends or make any other distribution or payment on account of or in redemption, retirement or purchase of any capital stock, except that Borrower may (i) repurchase the stock of former employees pursuant to stock repurchase agreements as long as an Event of Default does not exist prior to such repurchase or would not exist after giving effect to such repurchase, and (ii) repurchase the stock of former employees pursuant to stock repurchase agreements by the cancellation of indebtedness owed by such former employees to Borrower regardless of whether an Event of Default exists.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

6.1 *Events of Default*. The occurrence of any one or more of the following events, acts or occurrences shall constitute an event of default (an "**Event of Default**") hereunder:

(a) Borrower fails to pay when due any payment of principal or interest due on the Loans, the Fees, or Borrower fails to pay any Expenses, or any other amount payable hereunder or under any Loan Document within 10 Business Days of the due date thereof;

(b) Borrower fails to observe or perform any of the covenants and agreements set forth in (i) Section 4.2 or 4.3, and such failure continues for 10 days after the earlier to occur of (A) Knowledge by Borrower or (B) written notice from Bank, or (ii) any Section within Article V;

(c) Borrower fails to observe or perform any covenant or agreement set forth in this Agreement or the Loan Documents (other than those covenants and agreements described in Sections 6.1(a) and 6.1(b)), and such failure continues for 30 days after the earlier to occur of (i) Borrower obtaining Knowledge of such failure or (ii) Bank's dispatch of notice to Borrower of such failure;

(d) Any representation, warranty or certification made by Borrower or any officer or employee of Borrower in this Agreement or any Loan Document, in any certificate, financial statement or other document delivered pursuant to this Agreement or any Loan Document proves to have been misleading or untrue in any material respect when made or if any such representation, warranty or certification is withdrawn;

(e) Any revocation, non-renewal or termination of Borrower's Charter Contract, including the issuance of a Notice of Intent to Revoke pursuant to 5 CCR Section 11968.5.2;

(f) Any Assignment Notice is at any time revoked or modified, without Bank's prior or concurrent written consent, by Borrower;

(g) Borrower fails to pay when due any payment in respect of its Debt (other than under this Agreement) after giving effect to any applicable grace period;

(h) Any event or condition occurs that: (i) results in the acceleration of the maturity of any of Borrower's Debt (other than under this Agreement) or (ii) permits (or, with the giving of notice or lapse of time or both, would permit) the holder or holders of such Debt or any Person acting on behalf of such holder or holders to accelerate the maturity thereof;

(i) Borrower commences a voluntary Insolvency Proceeding seeking liquidation, reorganization or other relief with respect to itself or its Debt or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official over it or any substantial part of its property, or consents to any such relief or to the appointment of or taking possession by any such official in an involuntary Insolvency Proceeding or fails generally to pay its Debt as it becomes due, or takes any action to authorize any of the foregoing;

(j) An involuntary Insolvency Proceeding is commenced against Borrower seeking liquidation, reorganization or other relief with respect to it or its Debt or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property and any of the following events occur: (i) the petition commencing the Insolvency Proceeding is not timely controverted; (ii) the petition commencing the Insolvency Proceeding is not dismissed within 45 calendar days of the date of the filing thereof; (iii) an interim trustee is appointed to take possession of all or a substantial portion of the Assets of, or to operate all or any substantial portion of the business of, Borrower; or (iv) an order for relief shall have been issued or entered therein;

(k) Borrower suffers one or more judgments or decrees entered against Borrower involving in the aggregate a liability (to the extent not covered by insurance) of \$500,000.00 or more, and all such judgments or decrees shall not have been paid and satisfied, vacated, discharged, stayed or bonded pending appeal within thirty (30) days from the entry thereof;

(l) A judgment creditor obtains possession of any of the Assets of Borrower by levy, distraint, replevin, self-help or other legal process;

(m) Any order, judgment or decree is entered decreeing the dissolution of Borrower;

(n) Borrower is enjoined, restrained or in any way prevented by court order from continuing to conduct all or any material part of its business affairs, or Borrower voluntarily ceases to conduct its business as a going concern;

(o) A notice of lien, levy or assessment is filed of record with respect to any or all of Borrower's Assets by any Governmental Authority, or any taxes or debts owing at any time hereafter to any Governmental Authority becomes a Lien, whether inchoate or otherwise, upon any or all of Borrower's Assets and the same is not paid on the payment date thereof (other than amounts being contested in good faith by appropriate proceedings in accordance with Section 4.6, and for which adequate reserves have been set aside with respect thereto as required by GAAP and, by reason of such contest or nonpayment, no property is subject to a material risk of loss or forfeiture, and such Lien is junior in priority to Bank's Lien);

(p) A Material Adverse Effect occurs;

(q) Borrower loses its 501(c)(3) status;

(r) Any of the Loan Documents fails to be in full force and effect for any reason, or Bank fails to have a perfected, first priority Lien (subject only to Permitted Liens) in and upon all of the Collateral, or a breach, default or an event of default occurs under any Loan Document not otherwise described in this Section 6.1 which, if capable of cure, continues for 30 days after the earlier to occur of (x) Borrower obtaining Knowledge of such breach, default or an event of default, or (y) Bank's delivery of notice to Borrower of such breach, default or an event of default;

(s) A breach, default or an event of default occurs under any Bank Product Agreement that is not cured within an applicable cure period;

(t) Borrower's lease for its school premises is terminated or the operation of the school is materially disrupted or suspended for any reason for five (5) consecutive days; or

(u) Any default or event of default shall occur under the Civic Builder Loan Documents that is not cured within the applicable cure period.

6.2 *Remedies.* Upon the occurrence of any Event of Default described in Section 6.1(h) or (i), the Revolving Credit Commitment shall immediately terminate, Bank's obligation hereunder to make Loans to Borrower shall immediately terminate, and the Obligations shall become immediately due and payable without any election or action on the part of Bank, without presentment, demand, protest or notice of any kind, all of which Borrower hereby expressly waives, and Borrower shall Cash Collateralize all outstanding Bank Product Obligations, if deemed necessary by Bank in its sole discretion. Upon the occurrence and continuance of any other Event of Default, either or both of the following actions may be taken: (i) Bank may without notice of its election and without demand, immediately terminate the Revolving Credit Commitment, whereupon Bank's obligation to make Loans to Borrower shall immediately terminate; (ii) Bank may, without notice of its election and without demand, declare the Obligations to be due and payable, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which Borrower hereby expressly waives, and (iii) Borrower shall Cash Collateralize all outstanding Bank Product Obligations, if deemed necessary by Bank in its sole discretion.

6.3 *Appointment of Receiver or Trustee.* Borrower hereby irrevocably agrees that Bank, has the right under this Agreement, upon the occurrence and during the continuance of an Event of Default,

after coordination and consultation with the Granting Authority, to seek the appointment of a receiver, trustee or similar official over Borrower to effect the transactions contemplated by this Agreement, and that Bank is entitled to seek such relief. Borrower hereby irrevocably agrees not to object to such appointment on any grounds.

6.4 *Power of Attorney.* Borrower hereby appoints Bank (and all Persons designated by Bank) as Borrower's true and lawful attorney (and agent-in-fact) for the purposes provided in this section. Bank, or Bank's designee, may, after coordination and consultation with the Granting Authority, without notice and in either its or Borrower's name, but at the cost and expense of Borrower:

(a) Endorse Borrower's name on any payment item or other proceeds of Collateral (including proceeds of insurance) that come into Bank's possession or control; and

(b) During the continuance of an Event of Default, (i) notify any Account Debtors of the assignment of their Accounts or State Payments, demand and enforce payment of Accounts or State Payments by legal proceedings or otherwise, and generally exercise any rights and remedies with respect to Accounts and State Payments; (ii) settle, adjust, modify, compromise, discharge or release any Accounts, State Payments or other Collateral, or any legal proceedings brought to collect Accounts or Collateral; (iii) sell or assign any Accounts, State Payments and other Collateral upon such terms, for such reasonable amounts and at such times as Bank deems advisable; (iv) collect, liquidate and receive balances in deposit accounts or investment accounts, and take control, in any manner, of proceeds of Collateral; (v) prepare, file and sign Borrower's name to a proof of claim or other document in a bankruptcy of an Account Debtor, or to any notice, assignment or satisfaction of Lien or similar document; (vi) endorse any Chattel Paper, Document, Instrument, bill of lading, or other document or agreement relating to any Accounts, State Payments or other Collateral; (vii) use information contained in any data processing, electronic or information systems relating to Collateral; (viii) make and adjust claims under insurance policies; (ix) take any action as may be necessary or appropriate to obtain payment under any letter of credit, banker's acceptance or other instrument for which Borrower is a beneficiary; and (x) take all other actions as Bank reasonably deems appropriate to fulfill Borrower's obligations under this Agreement and the Loan Documents.

6.5 *Remedies Cumulative.* The rights and remedies of Bank herein and in the Loan Documents are cumulative, and are not exclusive of any other rights, powers, privileges, or remedies, now or hereafter existing, at law, in equity or otherwise.

ARTICLE VII

MISCELLANEOUS

7.1 *Notices; Effectiveness; Electronic Communication.*

(a) *Notices Generally.* Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows:

(i) if to Borrower, to:

_____, CA _____
Attn: _____
Telephone: _____
Email: _____

With a copy to:

Telephone: _____
Email: _____

(ii) if to Bank, to:

East West Bank
135 North Los Robles, 2nd Floor
Pasadena, CA 91101
Attn: John Helgeson
Telephone: (626) 372-4548
Email: john.helgeson@eastwestbank.com

With copy to:

East West Bank
135 North Los Robles, 3rd Floor
Pasadena, CA 91101
Attn: Maria Rabassa
Telephone: (626) 768-6424
Email: Maria.Rabassa@eastwestbank.com

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when delivered; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) *Electronic Communications.* Notices and other communications to Bank or Borrower hereunder may be delivered or furnished by electronic communication (including e mail and Internet or intranet websites) pursuant to procedures approved by Bank. Bank or Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless Bank otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(c) *Change of Address, etc.* Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

7.2 *No Waivers.* No failure or delay by Bank in exercising any right, power or privilege hereunder or under any Loan Document shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

7.3 *Expenses; Indemnification; Damage Waiver.*

(a) *Costs and Expenses.* Borrower shall pay all Expenses.

(b) *Indemnification by Borrower.* Borrower shall indemnify Bank, and each Related Party of Bank (each such Person being called an “*Indemnitee*”) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related reasonable and documented expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all fees and time charges and disbursements for attorneys who may be employees of any Indemnitee incurred by any Indemnitee or asserted against any Indemnitee by any Person (including Borrower) other than such Indemnitee and its Related Parties arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by Borrower, or any Environmental Liability related in any way to Borrower, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, other than those brought by Borrower, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by Borrower against an Indemnitee for breach in bad faith of such Indemnitee’s obligations hereunder or under any other Loan Document, if Borrower has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction. This Section 7.3(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) *Waiver of Consequential Damages, Etc.* To the fullest extent permitted by Applicable Law, Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan, or the use of the proceeds thereof. No Indemnitee referred to in paragraph (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(d) *Payments.* All amounts due under this Section 7.3 shall be payable not later than 1 Business Day after demand therefor.

(e) *Survival.* Each party’s obligations under this Section shall survive the termination of the Loan Documents and payment of the Obligations and are in addition to, and not in substitution of, any other of its obligations set forth in the Loan Documents.

7.4 *Amendments and Waivers.* Neither this Agreement nor any Loan Document (other than Bank Product Agreements), nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 7.4. Bank may from time to time, (a) enter into with Borrower or any other Person written amendments, supplements or modifications hereto and to the

Loan Documents or (b) waive, on such terms and conditions as Bank may specify in such instrument, any of the requirements of this Agreement or the Loan Documents or any Event of Default or Default and its consequences, if, but only if, such amendment, supplement, modification or waiver is in writing and is signed by the party asserted to be bound thereby, and then such amendment, supplement, modification or waiver shall be effective only in the specific instance and the specific purpose for which given. Any such waiver and any such amendment, supplement or modification shall be binding upon Borrower, Bank and all future holders of the Loans.

7.5 Successors and Assigns; Participations; Disclosure; Register.

(a) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, except that Borrower may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of Bank and any such prohibited assignment or transfer by Borrower shall be void.

(b) Bank may make, carry or transfer the Loans at, to or for the account of, any of its branch offices or the office of an Affiliate of Bank or to any Federal Reserve Bank, all without Borrower's consent.

(c) Bank may, at its own expense, assign to one or more banks or other financial institutions all or a portion of its rights (including voting rights) and obligations under this Agreement and the Loan Documents. In the event of any such assignment by Bank pursuant to this Section 7.5(c), Bank's obligations under this Agreement arising after the effective date of such assignment shall be released and concurrently therewith, transferred to and assumed by Bank's assignee to the extent provided for in the document evidencing such assignment. The provisions of this Section 7.5 relate only to absolute assignments (whether or not arising as the result of foreclosure of a security interest) and that such provisions do not prohibit assignments creating security interests, including, without limitation, any pledge or assignment by Bank of any Loan or this Agreement to any Federal Reserve Bank in accordance with Applicable Law.

(d) Bank may at any time sell to one or more banks or other financial institutions (each a "*Participant*") participating interests in the Loans, and in any other interest of Bank hereunder. In the event of any such sale by Bank of a participating interest to a Participant, Bank's obligations under this Agreement shall remain unchanged, Bank shall remain solely responsible for the performance thereof, and Borrower shall continue to deal solely and directly with Bank in connection with Bank's rights and obligations under this Agreement. Borrower agrees that each Participant shall, to the extent provided in its participation agreement, be entitled to the benefits of Section 1.11 with respect to its participating interest subject to the requirements and limitations therein, including the requirements under Section 1.11 (it being understood that the documentation required under Section 1.11 shall be delivered to Bank)) to the same extent as if it were a Recipient and had acquired its interest by assignment pursuant to paragraph (c) of this Section 7.5; *provided* that such Participant shall not be entitled to receive any greater payment under Sections 1.4 or 1.11, with respect to any participation, than Bank would have been entitled to receive except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the participant acquired the applicable participation. If Bank sells a participation then it shall, acting solely for this purpose as an agent of Borrower, maintain a register on which it enters the name and address of each participant and the principal amounts (and stated interest) of each participant's interest in the Loans or other obligations under the Loan Documents (the "*Participant Register*"). The entries in the Participant Register shall be conclusive absent manifest error, and Bank shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(e) Borrower authorizes Bank to disclose to any assignee under Section 7.5(c) or any Participant (either, a "*Transferee*") and any prospective Transferee any and all financial information in Bank's possession concerning Borrower that has been delivered to Bank by Borrower pursuant to this Agreement or that has been delivered to Bank by Borrower in connection with such Bank's credit evaluation

prior to entering into this Agreement; *provided* that such Transferee or prospective Transferee has first agreed to be bound by the provisions of Section 7.6.

(f) Bank, acting solely for this purpose as an agent of Borrower, shall maintain at its office in Pasadena, CA, located at East West Bank, 135 North Los Robles, 2nd Floor, Pasadena, CA 91101, a register for the recordation of the names and addresses of Bank, and the commitments of, and principal amounts of the loans owing to Bank pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and Borrower and Bank shall treat the Person whose name is recorded in the Register pursuant to the terms hereof as a lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by Borrower and lenders at any reasonable time and from time to time upon reasonable prior notice. The obligations of Borrower under this Agreement and the Loan Documents are registered obligations and the right, title and interest of Bank and its assignees in and to such obligations shall be transferable only upon notation of such transfer in the Register. This Section 7.5(f) shall be construed so that such obligations are at all times maintained in "registered form" within the meaning of Section 163(f), 871(h)(2) and 881(c)(2) of the IRC and any related regulations (and any other relevant or successor provisions of the IRC or such regulations).

(g) Borrower agrees that Bank may use Borrower's name(s) in advertising and promotional materials, and in conjunction therewith, Bank may disclose the amount of the Loans and the purpose thereof.

7.6 Confidentiality. Bank agrees that material, non-public information regarding Borrower, their operations, assets, and existing and contemplated business plans ("**Confidential Information**") shall be treated by Bank in a confidential manner, and shall not be disclosed by Bank to Persons who are not parties to this Agreement, except: (i) to attorneys for and other advisors, accountants, auditors, and consultants to Bank ("**Bank Representatives**"), (ii) to Subsidiaries and Affiliates of Bank (including Bank Product Providers), *provided* that any such Subsidiary or Affiliate shall have agreed to receive such information hereunder subject to the terms of this Section 7.6, (iii) as may be required by regulatory authorities or otherwise in connection with an examination or review of Bank by any regulatory authority or other Governmental Authority; (iv) as may be required by statute, decision, or judicial or administrative order, rule, or regulation; *provided* that (x) prior to any disclosure under this clause (iv), the disclosing party agrees to provide Borrower with prior notice thereof, to the extent that the disclosing party is permitted to provide such prior notice to Borrower pursuant to the terms of the applicable statute, decision, or judicial or administrative order, rule, or regulation, and (y) any disclosure under this clause (iv) shall be limited to the portion of the Confidential Information as may be required by such statute, decision, or judicial or administrative order, rule, or regulation, (v) as may be agreed to in advance by Borrower or as requested or required by any Governmental Authority pursuant to any subpoena or other legal process, *provided*, that, (x) prior to any disclosure under this clause (v) the disclosing party agrees to provide Borrower with prior notice thereof, to the extent that it is practicable to do so and to the extent that the disclosing party is permitted to provide such prior notice to Borrower pursuant to the terms of the subpoena or other legal process, and (y) any disclosure under this clause (v) shall be limited to the portion of the Confidential Information as may be required by such Governmental Authority pursuant to such subpoena or other legal process, (vi) as to any such information that is or becomes generally available to the public (other than as a result of prohibited disclosure by Bank or Bank Representatives), (vii) in connection with any assignment, prospective assignment, sale, prospective sale, participation, prospective participation, pledge or prospective pledge of Bank's interest under this Agreement, *provided* that any such Transferee or prospective Transferee shall have agreed in writing to receive such information hereunder subject to the terms of this Section 7.6, (viii) in connection with any litigation or other adversary proceeding involving parties hereto which such litigation or adversary proceeding involves claims related to the rights or duties of such parties under this Agreement or the other Loan Documents; *provided*, that, prior to any disclosure to any Person (other than Borrower, Bank, any of their respective Affiliates, or their respective counsel) under this clause (viii) with respect to litigation involving any Person (other than Borrower, Bank, any of their respective Affiliates, or their respective counsel), the disclosing party agrees to provide Borrower with prior notice thereof, and (ix) in connection with, and to

the extent reasonably necessary for, the exercise of any secured creditor remedy under this Agreement or under any other Loan Document.

7.7 Counterparts; Electronic Signatures. This Agreement and any other Loan Document may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement or Loan Document, as applicable. The words "execution," "signed," "signature," (delivery," and words of like import in or relating to this Agreement and/or any Loan Document and the transactions contemplated hereby shall be deemed to include Electronic Signatures (as defined below), deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be. As used herein, "**Electronic Signatures**" means any electronic symbol or process attached to, or associated with, any contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record. If any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing this Agreement or any other Loan Document (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original hereof or thereof.

7.8 Severability. The provisions of this Agreement are severable. The invalidity, in whole or in part, of any provision of this Agreement shall not affect the validity or enforceability of any other of its provisions. If one or more provisions hereof shall be declared invalid or unenforceable, the remaining provisions shall remain in full force and effect and shall be construed in the broadest possible manner to effectuate the purposes hereof.

7.9 Knowledge. For purposes of this Agreement, an individual will be deemed to have knowledge of a particular fact or other matter if: (a) such individual is actually aware of such fact or other matter; or (b) a prudent individual would reasonably be expected to discover or otherwise become aware of such fact or other matter in the course of conducting a reasonably comprehensive investigation concerning the existence of such fact or other matter. Borrower will be deemed to have knowledge of a particular fact or other matter if the chief executive officer, chief operating officer, chief financial officer, controller, treasurer, president, executive vice president, senior vice president or other Authorized Officer of Borrower has, or at any time had, knowledge of such fact or other matter.

7.10 Additional Waivers.

(a) Borrower agrees that checks and other instruments received by Bank in payment or on account of the Obligations constitute only conditional payment until such items are actually paid to Bank and Borrower waives the right to direct the application of any and all payments at any time or times hereafter received by Bank on account of the Obligations and Borrower agrees that Bank shall have the continuing exclusive right to apply and reapply such payments in the manner provided in Section 7.9 of the Security Agreement, notwithstanding any entry by Bank upon its books.

(b) Borrower waives demand, protest, notice of protest, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension or renewal of any or all commercial paper, accounts, documents, instruments, chattel paper, and guarantees at any time held by Bank on which Borrower may in any way be liable.

(c) So long as Bank complies with its obligations, if any, under the UCC, (i) Bank shall not in any way or manner be liable or responsible for (x) the safekeeping of the Collateral; (y) any loss or damage thereto occurring or arising in any manner or fashion from any cause; (z) any diminution in the value thereof; or (aa) any act or default of any carrier, warehouseman, bailee, forwarding agency or other person whomsoever, and (ii) all risk of loss, damage or destruction of the Collateral shall be borne by Borrower.

(d) Borrower waives the right to assert a confidential relationship, if any, it may have with any accountant, accounting firm and/or service bureau or consultant in connection with any information requested by Bank pursuant to or in accordance with this Agreement, and agrees that Bank may contact directly any such accountants, accounting firm and/or service bureau or consultant in order to obtain such information.

7.11 Destruction of Borrower's Documents. Any documents, schedules, invoices or other papers delivered to Bank may be destroyed or otherwise disposed of by Bank six (6) months after they are delivered to or received by Bank, unless Borrower requests, in writing, the return of the said documents, schedules, invoices or other papers and makes arrangements, at Borrower's expense, for their return.

7.12 CHOICE OF LAW AND VENUE; JURY TRIAL WAIVER; CLASS ACTION WAIVER.

(a) **THE VALIDITY OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (UNLESS EXPRESSLY PROVIDED TO THE CONTRARY IN ANOTHER LOAN DOCUMENT IN RESPECT OF SUCH OTHER LOAN DOCUMENT), THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF AND THEREOF, AND THE RIGHTS OF THE PARTIES HERETO AND THERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR THEREUNDER OR RELATED HERETO OR THERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD FOR PRINCIPLES OF CONFLICTS OF LAWS.**

(b) **THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND FEDERAL COURTS LOCATED IN THE CITY OF LOS ANGELES, THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT BANK'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. BORROWER AND BANK WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF *FORUM NON CONVENIENS* OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 7.12.**

(c) **BORROWER AND BANK EACH WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE OTHER LOAN DOCUMENTS OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR BOTH PARTIES TO ENTER INTO THIS AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.**

(d) **IF PERMITTED BY APPLICABLE LAW, EACH PARTY ALSO WAIVES THE RIGHT TO LITIGATE IN COURT OR AN ARBITRATION PROCEEDING ANY DISPUTE AS A CLASS ACTION, EITHER AS A MEMBER OF A CLASS OR AS A REPRESENTATIVE, OR TO ACT AS A PRIVATE ATTORNEY GENERAL. EACH PARTY (I) CERTIFIES THAT NO ONE HAS REPRESENTED TO SUCH PARTY THAT THE OTHER PARTY WOULD NOT SEEK TO ENFORCE JURY AND CLASS ACTION WAIVERS IN THE EVENT OF SUIT, AND (II) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS, AGREEMENTS, AND CERTIFICATIONS IN THIS SECTION.**

7.13 JUDICIAL REFERENCE PROVISION. WITHOUT INTENDING IN ANY WAY TO LIMIT THE PARTIES' AGREEMENT TO WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY If the waiver of the right to a trial by jury is not enforceable, the parties hereto agree that any and all disputes or controversies of any nature between them arising at any time shall be decided by a reference to a private judge, who shall be a retired state or federal court judge, mutually selected by the parties or, if

they cannot agree, then any party may seek to have a private judge appointed in accordance with California Code of Civil Procedure §§ 638 and 640 (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts). The reference proceedings shall be conducted pursuant to and in accordance with the provisions of California Code of Civil Procedure §§ 638 through 645.1, inclusive. The private judge shall have the power, among others, to grant provisional relief, including without limitation, entering temporary restraining orders, issuing preliminary and permanent injunctions and appointing receivers. All such proceedings shall be closed to the public and confidential and all records relating thereto shall be permanently sealed. If during the course of any dispute, a party desires to seek provisional relief, but a judge has not been appointed at that point pursuant to the judicial reference procedures, then such party may apply to the Court for such relief. The proceeding before the private judge shall be conducted in the same manner as it would be before a court under the rules of evidence applicable to judicial proceedings. The parties shall be entitled to discovery which shall be conducted in the same manner as it would be before a court under the rules of discovery applicable to judicial proceedings. The private judge shall oversee discovery and may enforce all discovery rules and orders applicable to judicial proceedings in the same manner as a trial court judge. The parties agree that the selected or appointed private judge shall have the power to decide all issues in the action or proceeding, whether of fact or of law, and shall report a statement of decision thereon pursuant to California Code of Civil Procedure § 644(a). Nothing in this paragraph shall limit the right of any party at any time to exercise self-help remedies, foreclose against collateral, or obtain provisional remedies. The private judge shall also determine all issues relating to the applicability, interpretation, and enforceability of this paragraph.

The parties agree that time is of the essence in conducting the referenced proceedings. The parties shall promptly and diligently cooperate with one another and the referee, and shall perform such acts as may be necessary to obtain prompt and expeditious resolution of the dispute or controversy in accordance with the terms hereof. The costs shall be borne equally by the parties.

7.14 Revival and Reinstatement of Obligations. If the incurrence or payment of the Obligations by Borrower or the transfer to Bank or any Bank Product Provider of any property should for any reason subsequently be asserted, or declared, to be void or voidable under any state or federal law relating to creditors' rights, including provisions of Debtor Relief Laws relating to fraudulent conveyances, preferences, or other voidable or recoverable payments of money or transfers of property (each, a "**Voidable Transfer**"), and if Bank or such Bank Product Provider is required to repay or restore, in whole or in part, any such Voidable Transfer, or elects to do so upon the reasonable advice of its counsel, then, as to any such Voidable Transfer, or the amount thereof that Bank or such Bank Product Provider is required or elects to repay or restore, and as to all reasonable costs, Expenses, and reasonable and documented outside attorneys' fees of Bank and such Bank Product Provider related thereto, the liability of Borrower automatically shall be revived, reinstated, and restored and shall exist as though such Voidable Transfer had never been made.

7.15 Updating Disclosure Schedules. To the extent necessary to cause the representations and warranties set forth in Article IV to remain true, complete and accurate as of the Closing Date, the date of each and every Borrowing, Borrower shall update in writing any Schedules provided for in Article IV to the extent it has Knowledge of any circumstance which may have the effect of making any representation or warranty contained in Article IV untrue or incomplete in any material respect. The requirement of Borrower to update the Schedules provided for herein shall not have the effect of a cure of any Event of Default occurring prior to any such update or existing at the time of any such update without the written waiver of such Event of Default by Bank.

7.16 Patriot Act Notification. Bank 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 Bank to identify Borrower in accordance with the Patriot Act. Borrower shall, promptly following a request by Bank, provide all documentation and other information that Bank requests in order to comply with its ongoing obligations under applicable "know your customer" and antimoney laundering rules and regulations,

including the Patriot Act. For legal entity borrowers, Bank will require the legal entity to provide identifying information about each beneficial owner and/or individuals who have significant responsibility to control, manage or direct the legal entity.

7.17 *Automatic Clearing House.* Borrower acknowledges that Bank shall require Borrower to maintain an Automated Clearing House (“ACH”), auto pay account established with Bank that will be pre-authorized by Borrower to permit Bank to debit Borrower’s Account for the payment of all amounts that become due on the Obligations. If Borrower chooses to establish and designate another financial institution’s (“Alternative Bank”) ACH, auto pay account for its payments under this Agreement or use any other payment methods other than the Bank’s ACH, auto pay account, it shall pay Bank a monthly servicing fee equal to four tenths percent (0.40%) of the average monthly principal balance of the Revolving Loans (the “Servicing Fee”) beginning on the month following Borrower’s designation of such Alternative Bank’s ACH, auto pay account as its account for payment under this Agreement and continuing on a monthly basis thereafter. Such Servicing Fee will be collected or automatically debited by the Bank on each monthly payment date. There will be no refund of any Servicing Fee that has been assessed or paid.

7.18 *Electronic Banking Services.* Borrower may use electronic or online banking services offered by or through Bank (“**Electronic Banking Services**”) to make a regular payment to Borrower’s loan(s) by transferring the payment amount from Borrower’s checking or savings account to the balance of Borrower’s loan(s). Borrower can also use Electronic Banking Services to view its account balances. Use of Electronic Banking Services is subject to the terms and conditions of the online banking agreement and/or the treasury management services agreement between Borrower and Bank.

7.19 *[Reserved].*

7.20 *Lien and Right of Set-off.* Borrower grants to Bank a continuing lien for all Obligations of Borrower to Bank upon any and all moneys, securities and other property of Borrower and the proceeds thereof, now or hereafter held or received by or in transit to Bank from or for Borrower, whether for safekeeping, custody, pledge, transmission, collection or otherwise, and also upon any and all deposits (general or special) and credits of Borrower with, and any and all claims of Borrower against, Bank at any time existing. Upon the occurrence of any continuing Event of Default, Bank is hereby authorized at any time and from time to time, with concurrent or subsequent notice to Borrower to setoff, appropriate and apply any or all items hereinabove referred to against all Obligations of Borrower whether under this Agreement or otherwise, and whether now existing or hereafter arising.

* * *

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* * *

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

BORROWER:

Navigator Schools,
a California Nonprofit Public Benefit Corporation,

By: _____
Name: _____
Title: _____

BANK:

EAST WEST BANK

By: _____

Name: John Helgeson

Title: Senior Vice President

**Annex 1
to
Credit Agreement**

Definitions and Construction

1.1 *Definitions.* Initially capitalized terms used in this Agreement shall have the following meanings:

“1st Interim Report” means [].³

“2nd Interim Report” means [].⁴

“Account” and “Account Debtor” have the meanings given to such terms in the UCC.

“ACH Transactions” means the Automated Clearing House processing of electronic fund transfers through the direct Federal Reserve Fedline system provided by a Bank Product Provider for the account of Borrower.

“ADA” means the average daily attendance based on the time value of pupil work as judged, and claimed, by the teacher, pursuant to and under guidelines established by the California Department of Education.

“Affiliate” means, with respect to any Person, any other Person (i) that, directly or indirectly, controls, is controlled by or is under common control with such Person; (ii) that directly or indirectly beneficially owns or controls 5% or more of any class of Ownership Interests of such Person; or (iii) 5% or more of the voting stock of which is directly or indirectly beneficially owned or held by such Person. For purposes of the foregoing, control (including controlled by and under common control with) shall mean 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” means this Credit Agreement, as amended, restated, amended and restated, extended, refinanced, supplemented or otherwise modified from time to time in accordance with its terms.

“Anti-Terrorism Laws” means all Applicable Laws relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering, or bribery, including, without limitation, all laws, regulations and executive orders expressly referenced in Section 3.20.

“Applicable Laws” means all applicable laws, rules, regulations and orders of any Governmental Authority, including without limitation, regulations issued by the Office of the Comptroller of the Currency, Credit Protection Laws, the Fair Labor Standards Act, and the Americans With Disabilities Act.

“Asset” means any interest of a Person in any kind of property or asset, whether real, personal, or mixed real and personal, and whether tangible or intangible.

“Assignment” means an Assignment in substantially the form attached hereto as Exhibit A-1.

³ EWB: please add definition for 1st Interim Report.

⁴ EWB: please add definition for 1st Interim Report.

“*Assignment Notice*” means an Assignment Notice in substantially the form attached hereto as Exhibit A-2.

“*Attendance Month*” means the period of time specified for any given attendance month by the Borrower’s academic calendar.

“*Audit Fee*” has the meaning given to such term in Section 4.2(b).

“*Authorized Officer*” means, with respect to Borrower, any officer of Borrower authorized by specific resolution of Borrower to request Loans as set forth in Borrower’s resolutions delivered to Bank on the Closing Date (and updated from time to time as necessary).

“*Bank*” is defined in the Preamble.

“*Bank Product*” means the following financial accommodation extended to Borrower by a Bank Product Provider (other than pursuant to the Agreement): (a) credit cards, (b) credit card processing services, (c) debit cards, (d) stored value cards, (e) purchase cards (including so-called “procurement cards” or “P-cards”), (f) Cash Management Services, and (g) swaps.

“*Bank Product Agreements*” means those agreements entered into from time to time by Borrower with a Bank Product Provider in connection with the obtaining of any of the Bank Products.

“*Bank Product Obligations*” means all obligations, liabilities, contingent reimbursement obligations, fees, and expenses owing by a Borrower to a Bank Product Provider pursuant to or evidenced by the Bank Product Agreements and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising.

“*Bank Product Provider*” means Bank or any of its Affiliates.

“*Bank Representatives*” has the meaning set forth in Section 7.6.

“*Beneficial Ownership Certification*” means a certification regarding beneficial ownership required by the Beneficial Ownership Regulation, which certification shall be substantially in form and substance satisfactory to Bank.

“*Beneficial Ownership Regulation*” means 31 C.F.R. § 1010.230.

“*Borrower*” is defined in the Preamble.

“*Borrower’s Account*” means Borrower’s general deposit account maintained with Bank.

“*Borrowing*” means a borrowing of a Revolving Loan from Bank pursuant to the terms and conditions hereof.

“*Borrowing Base*” means the aggregate amount of Revolving Loans that Bank will lend and allow to be outstanding at any time and from time to time, in Bank’s sole discretion, against all Eligible State Payments due and payable at such time.

“*Borrowing Base Certificate*” means a certificate duly completed, executed and delivered by an Authorized Officer of Borrower, substantially in the form of **Exhibit 4.3** or otherwise in form and substance acceptable to or provided by Bank.

“*Business Day*” means any day other than a Saturday or a Sunday or any day on which commercial banks in Los Angeles, California, are authorized or required to close, and, if the applicable Business Day relates to Term SOFR, such day also must be a U.S. Government Securities Business Day.

“*Capital Lease*” means any lease of an Asset by a Person as lessee which would, in conformity with GAAP, be required to be accounted for as an Asset and corresponding liability on the balance sheet of that Person.

“*Cash Collateralize*” means the delivery of cash or an acceptable Letter of Credit to Bank, as security for the payment of Obligations, in an amount equal to, with respect to any inchoate, contingent or other Obligations (including Bank Product Obligations), Bank’s good faith estimate of the amount due or to become due, including all fees and other amounts relating to such Obligations. “Cash Collateralization” has a correlative meaning.

“*Cash Management Services*” means any cash management or related services including treasury, depository (including collection and operating accounts), return items, overdraft, controlled disbursement, merchant store value cards, e-payables services, electronic funds transfer, interstate depository network, automatic clearing house transfer (including ACH Transactions) and other cash management arrangements.

“*Change in Control*” shall mean the occurrence of any event (whether in one or more transactions) which results in a transfer of control of or the power to vote more than 25% of the Ownership Interests (on a fully diluted basis) of Borrower.

“*Change in Law*” means the occurrence after the date of the Agreement of: (a) the adoption or effectiveness of any law, rule, regulation, judicial ruling, judgment or treaty, (b) any change in any law, rule, regulation, judicial ruling, judgment or treaty or in the administration, interpretation, implementation or application by any Governmental Authority of any law, rule, regulation, guideline or treaty, or (c) the making or issuance by any Governmental Authority of any request, rule, guideline or directive, whether or not having the force of law; provided that notwithstanding anything in the Agreement to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and Basel III and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives concerning capital adequacy promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities shall, in each case, be deemed to be a “Change in Law,” regardless of the date enacted, adopted or issued.

“*Charter Contract*” means the agreement or agreements between the Borrower and the Granting Authority.

“*Charter School Act*” means the California Charter Schools Act of 1992 set forth in Part 26.8 of the California Education Code (Sections 47600 through 47664), together with such other regulations, rules and laws, including Senate Bill 740, promulgated in connection with the foregoing for the establishment, operation and governance of charter schools within the State of California.

“*Charter School*” means, individually and collectively, at any given time, the charter school or charter schools operated by, under or as the Borrower at such time.

“*Civic Builder Loan Agreement*” means that certain [Loan Agreement] dated as of [], 20[], by and between Borrower and [Civic Builder], as amended, restated, supplemented, or otherwise modified from time to time.⁵

⁵ Borrower: please share a copy of your loan agreement with Civic Builders.

“*Civic Builder Loan Documents*” means the Civic Builder Loan Agreement and such other documents, instruments, and agreements (including deeds of trust, mortgages, control agreements, financing statements and fixture filings) as were executed by Borrower in connection with the transactions contemplated under the Civic Builder Loan Agreement.

“*Closing Date*” means the date when all of the conditions set forth in Section 2.1 have been fulfilled to the satisfaction of Bank and its counsel.

“*Collateral*” has the meaning given to such term in any Loan Document.

“*Compliance Certificate*” means a certificate of compliance to be delivered in accordance with Section 4.13, substantially in the form of **Exhibit 4.13**.

“*Confidential Information*” has the meaning set forth in Section 7.6.

“*Consolidated*” means the consolidation in accordance with GAAP of the accounts or other items as to which such term applies. “*Consolidating*” has a correlative meaning.

“*Contract Rate*” has the meaning set forth in Section 1.2(a)(i).

“*Current Portion of Long Term Debt*” shall mean, at a particular date, that portion of Borrower’s Debt for borrowed money which would, in conformity with GAAP, be included under current liabilities on a balance sheet of Borrower as a result of such Debt being (a) payable on demand, or, at the option of the Person to whom such Debt is owed, not more than twelve (12) months after such date, or (b) required to be made not more than twelve (12) months after such date. In no event shall the Revolving Loans be deemed Current Portion of Long Term Debt.

“*Debt*” means, as of the date of determination, the sum, but without duplication, of any and all of a Person’s: (i) indebtedness heretofore or hereafter created, issued, incurred or assumed by such Person (directly or indirectly) for or in respect of money borrowed; (ii) obligations evidenced by bonds, debentures, notes, or other similar instruments; (iii) obligations for the deferred purchase price of property or services (other than trade payables which are not more than 90 days past due incurred in the ordinary course of business); (iv) current liabilities in respect of unfunded vested benefits under any Employee Benefit Plan; (v) contingent obligations under letters of credit; (vi) Guarantees of Debt; and (vii) obligations with respect to indebtedness in accordance with GAAP that are secured by any Lien on any Asset of such Person, whether or not such obligations have been assumed.

“*Debt Coverage Ratio*” means, as of the date of determination, on trailing twelve (12) month basis for Borrower, the ratio of (a) earnings before interest, taxes, depreciation, and amortization, to (b) (i) interest expense, plus, (ii) the Current Portion of Long Term Debt, plus, (iii) distributions and/or dividends paid by Borrower.

“*Debtor Relief Laws*” means the Bankruptcy Code of the United States of America, 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.

“*Default*” means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

“*Deficiency Notices*” means all notices and other written communications from any Granting Authority alleging that any Charter School or the operation of such Charter School, in whole or in

part, fails to comply or, if corrective action is not taken, shall fail to comply with, Applicable Laws or any or all of the Granting Authority's requirements for, and conditions of, licensing, regulation, certification, authorization or accreditation as a public charter school or by or participation in programs of the Granting Authority or otherwise relating to the continuous operation of all or any portion of such Charter School's programs or its eligibility or entitlement to receive or continue to receive funding and/or to enroll and educate students at its facilities.

"Disposition" means the sale, transfer, license, lease or other disposition (whether in one transaction or in a series of transactions, and including any sale and leaseback transaction and any sale, transfer, license or other disposition) of any property (including, without limitation, any Ownership Interests) by any Person (or the granting of any option or other right to do any of the foregoing), including any sale, title assignment, title transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

"Dollars" or *"\$"* means lawful currency of the United States of America.

"Eligible State Payments" means all State Payments due to and owned by Borrower in the ordinary course of its business that arise out of its identity as a Charter School, that are due from state or county entities, that are approved by such entities, that are current and have not been disputed or cancelled, and as to which Borrower has instructed the applicable state or county entities to pay such State Payments directly to Bank and Borrower has not revoked or changed such instructions, and that are not excluded as ineligible by virtue of one or more of the excluding criteria set forth below:

(a) State Payments which are not owned free and clear of all liens, encumbrances, charges, interests and rights of others, except the security interests granted to Bank and except as permitted hereunder; and

(b) all other excluding conditions or criteria as determined by Bank in its sole and absolute discretion.

"Employee Benefit Plan" means any employee benefit plan within the meaning of Section 3(3) of ERISA, whether or not subject to ERISA, (a) that is or within the preceding six (6) years has been sponsored, maintained or contributed to by Borrower or ERISA Affiliate or (b) to which Borrower or ERISA Affiliate has, or has had at any time within the preceding six (6) years, any liability, contingent or otherwise.

"Environmental Action" means any written complaint, summons, citation, notice, directive, order, claim, litigation, investigation, judicial or administrative proceeding, judgment, letter, or other written communication from any Governmental Authority, or any third party involving violations of Environmental Laws or releases of Hazardous Materials (a) from any assets, properties, or businesses of Borrower or any of its predecessors in interest, (b) from adjoining properties or businesses, or (c) from or onto any facilities which received Hazardous Materials generated by Borrower or any of its predecessors in interest.

"Environmental Law" means any applicable federal, state, provincial, foreign or local statute, law, rule, regulation, ordinance, code, binding and enforceable guideline, binding and enforceable written policy, or rule of common law now or hereafter in effect and in each case as amended, or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, in each case, to the extent binding on Borrower, relating to the environment, the effect of the environment on employee health (to the extent related to exposure to Hazardous Materials), or Hazardous Materials, in each case as amended from time to time.

"Environmental Liabilities" means all liabilities, monetary obligations, losses, damages, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts, or consultants, and costs of investigation and feasibility studies), fines, penalties, sanctions, and interest

incurred as a result of any claim or demand, or Remedial Action required, by any Governmental Authority or any third party, and which relate to any Environmental Action.

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended, and any successor statutes, and all regulations and guidance promulgated thereunder. Any reference to a specific section of ERISA shall be deemed to be a reference to such section of ERISA and any successor statutes, and all regulations and guidance promulgated thereunder.

“*ERISA Affiliate*” means each entity, trade or business (whether or not incorporated) that together with a Borrower would be (or has been) treated as a “single employer” within the meaning of section 4001(b)(1) of ERISA or subsections (b), (c), (m) or (o) of section 414 of the IRC.

“*Event of Default*” has the meaning set forth in Section 6.1.

“*Excluded Taxes*” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of Bank, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of Bank, U.S. federal withholding Taxes imposed on amounts payable to or for the account of Bank with respect to an applicable interest in a loan or commitment pursuant to a law in effect on the date on which (i) Bank acquires such interest in the loan or commitment, or (ii) Bank changes its lending office, and (c) any U.S. federal withholding Taxes imposed under FATCA.

“*Expenses*” means (i) all reasonable and documented out of pocket expenses incurred by Bank and its Affiliates (including the reasonable fees, charges and disbursements of counsel for Bank), in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all reasonable and documented out of pocket expenses incurred by Bank (including the fees, charges and disbursements of any counsel for Bank), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under Section 7.3, or (B) in connection with the Loans made hereunder, including all such out of pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

“*FATCA*” means Sections 1471 through 1474 of the IRC, as of the date of this Agreement (or any amended or successor version) and any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the IRC.

“*Fees*” means the Revolving Credit Commitment Fee, the Late Payment Fee, the Audit Fees, and such other fees as are due and payable under the Loan Documents from time to time.

“*Financial Statement(s)*” means, with respect to any accounting period of any Person, statements of income and statements of cash flows of such Person for such period, and balance sheets of such Person as of the end of such period, setting forth in each case in comparative form figures for the corresponding period in the preceding Fiscal Year or, if such period is a full Fiscal Year, corresponding figures from the preceding annual audit, all prepared in reasonable detail and in accordance with GAAP, subject to year-end adjustments and the absence of footnotes in the case of monthly and quarterly Financial Statements. Financial Statement(s) shall include the schedules thereto and annual Financial Statements shall also include the footnotes thereto.

“*Fiscal Year*” means, with respect to the Borrower, the 12-month period ending June 30 of each year. Subsequent changes of the Fiscal Year of Borrower shall not change the term “Fiscal Year” unless Bank shall consent in writing to such change.

“*GAAP*” means generally accepted accounting principles in the United States of America, consistently applied, which are in effect as of the date of this Agreement. If any changes in accounting principles from those in effect on the Closing Date are hereafter occasioned by promulgation of rules, regulations, pronouncements or opinions by or are otherwise required by the Financial Accounting Standards Board or the American Institute of Certified Public Accountants (or successors thereto or agencies with similar functions), and any of such changes results in a change in the method of calculation of, or affects the results of such calculation of, any of the financial covenants, standards or terms found herein, then the parties hereto agree to enter into and diligently pursue negotiations in order to amend such financial covenants, standards or terms so as to equitably reflect such changes, with the desired result that the criteria for evaluating financial condition and results of operations of Borrower shall be the same after such changes as if such changes had not been made.

“*Governing Documents*” means the certificate or articles or certificate of incorporation, by-laws, articles or certificate of organization, operating agreement, or other organizational or governing documents of any Person.

“*Governmental Authority*” means any federal, state, local or other governmental department, commission, board, bureau, agency, central bank, court, tribunal or other instrumentality or authority or subdivision thereof, domestic or foreign, exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“*Granting Authority*” means, any agency or department or other similar entity which grants, renews, issues, licenses, approves, regulates, permits, evaluates, certifies or otherwise controls or monitors each Charter School’s Charter Contract or any related facilities or all or any of each Charter School’s actual or proposed operations or which approves, awards, pays, monitors, regulates or otherwise controls any Subsidy and Operating Payments or other grants or monies payable or available to such Charter School relating to the acquisition, construction, renovation, equipping, ownership or operation of all or any portion of its facilities or programs. Granting Authority is sometimes referred to in the market as the “authorizer”.

“*Guarantee*” means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt or other obligation payable or performable by another Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Debt or other obligation of the payment or performance of such Debt or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Debt or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Debt or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Debt or other obligation of any other Person (or any right, contingent or otherwise, of any holder of such Debt to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “Guarantee” as a verb has a corresponding meaning.

“*Hazardous Materials*” means (a) substances that are defined or listed in, or otherwise classified pursuant to, any applicable laws or regulations as “hazardous substances,” “hazardous materials,” “hazardous wastes,” “toxic substances,” or any other formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity,

carcinogenicity, reproductive toxicity, or “EP toxicity”, (b) oil, petroleum, or petroleum derived substances, natural gas, natural gas liquids, synthetic gas, drilling fluids, produced waters, and other wastes associated with the exploration, development, or production of crude oil, natural gas, or geothermal resources, (c) any flammable substances or explosives or any radioactive materials, and (d) asbestos in any form or electrical equipment that contains any oil or dielectric fluid containing levels of polychlorinated biphenyls in excess of 50 parts per million.

“*Indemnitee*” has the meaning given to such term in Section 7.3(b).

“*Indemnified Taxes*” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of Borrower under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

“*Insolvency Proceeding*” means any proceeding commenced by or against any Person, under any provision of Debtor Relief Laws, or under any other bankruptcy or insolvency law, including, but not limited to, assignments for the benefit of creditors, formal or informal moratoriums, compositions, or extensions with some or all creditors.

“*Intellectual Property*” means all present and future: trade secrets, know-how and other proprietary information; trademarks, trademark applications, internet domain names, service marks, trade dress, trade names, business names, designs, logos, slogans (and all translations, adaptations, derivations and combinations of the foregoing) indicia and other source and/or business identifiers, and all registrations or applications for registrations which have heretofore been or may hereafter be issued thereon throughout the world; copyrights and copyright applications; (including copyrights for computer programs) and all tangible and intangible property embodying the copyrights, unpatented inventions (whether or not patentable); patents and patent applications; industrial design applications and registered industrial designs; license agreements related to any of the foregoing and income therefrom; books, records, writings, computer tapes or disks, flow diagrams, specification sheets, computer software, source codes, object codes, executable code, data, databases and other physical manifestations, embodiments or incorporations of any of the foregoing; all other intellectual property; and all common law and other rights throughout the world in and to all of the foregoing.

“*Interest Payment Date*” means the []⁶ day of each and every month, and the Revolving Loan Maturity Date.

“*Investment*” means, with respect to any Person, any investment by such Person in any other Person (including Affiliates) in the form of loans, Guarantees, advances, capital contributions, and any other items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP, and any purchase or acquisition of any Ownership Interests, or any obligations or other securities of, any Person.

“*IRC*” means the Internal Revenue Code, as amended from time to time, or any successor statute, and any and all regulations thereunder. Any reference to a specific section of the IRC shall be deemed to be a reference to such section of the IRC and any successor statutes, and all regulations and guidance promulgated thereunder.

“*Knowledge*” has the meaning given to such term in Section 7.9.

“*Late Payment Fee*” has the meaning given to such term in Section 1.9(b).

⁶ Borrower: please confirm the day of each month you would like to make your monthly interest payment

“*Lien*” means any mortgage, deed of trust, pledge, security interest, hypothecation, assignment, deposit arrangement or other preferential arrangement, charge or encumbrance (including, any conditional sale or other title retention agreement, or finance lease) of any kind.

“*Loan Document(s)*” means this Agreement and each of the following documents, instruments, and agreements individually or collectively, as the context requires:

- (a) the Security Agreement;
- (b) the Borrowing Base Certificates;
- (c) the Assignment and Assignment Notice;
- (d) such lockbox, restricted account and other bank account agreements as Bank shall require;
- (e) all Bank Product Agreements; and
- (f) such other documents, instruments, and agreements (including intellectual property security agreements, control agreements, financing statements and fixture filings) as Bank may reasonably request in connection with the transactions contemplated hereunder or to perfect or protect the liens and security interests granted to Bank in connection herewith.

“*Loans*” means the Revolving Loans (each, a “*Loan*”).

“*Material Adverse Effect*” means (a) a material adverse effect on the business, Assets, financial condition, results of operations, or properties of Borrower; (i) a material adverse effect on the ability of Borrower to perform its obligations under the Loan Documents to which it is a party, (ii) a material adverse effect on the validity or enforceability of the Loan Documents, or the rights or remedies of Bank hereunder and thereunder, (iii) a material adverse effect on the value of the Collateral, or (iv) a material adverse effect on the priority of Bank’s Liens with respect to the Collateral.

“*Material Contract*” means, with respect to Borrower, each contract or agreement (including any real property lease) to which Borrower is a party with respect to which the termination thereof or breach by any party thereunder would reasonably be expected to result in a Material Adverse Effect.

“*Multiemployer Plan*” means any multiemployer plan within the meaning of Section 3(37) or 4001(a)(3) of ERISA with respect to which Borrower or ERISA Affiliate has an obligation to contribute or has any liability, contingent or otherwise or could be assessed Withdrawal Liability assuming a complete withdrawal from any such multiemployer plan.

“*Obligations*” means (i) any and all obligations of Borrower to Bank with respect to the Loans, including without limitation all principal, interest, and other amounts, costs and Fees and Expenses payable under this Agreement and the Loan Documents; (ii) any and all obligations of Borrower to any Bank Product Provider arising under or in connection with any transaction now existing or hereafter entered into between Borrower and such Bank Product Provider which is a swap; and (iii) all other indebtedness, liabilities, and obligations of Borrower owing to Bank, and/or the Bank Product Providers, and to their successors and assigns, previously, now, or hereafter incurred, and howsoever evidenced, whether direct or indirect, absolute or contingent, joint or several, liquidated or unliquidated, voluntary or involuntary, due or not due, legal or equitable, whether incurred before, during, or after any Insolvency Proceeding and whether recovery thereof is or becomes barred by a statute of limitations or is or becomes otherwise unenforceable or unallowable as claims in any Insolvency Proceeding, together with all interest thereupon

(including interest under Section 1.2(b) and including any interest that, but for the provisions of Debtor Relief Laws, would have accrued during the pendency of an Insolvency Proceeding). The Obligations shall include, without limiting the generality of the foregoing, all principal and interest and other payment obligations owing under the Loans, all Bank Product Obligations, all Expenses, the Fees, any other fees and expenses due hereunder and under the Loan Documents (including any fees or expenses that, but for the provisions of Debtor Relief Laws, would have accrued during the pendency of an Insolvency Proceeding), and all other indebtedness evidenced by this Agreement, the Loan Documents, and/or the Bank Product Agreements.

“OFAC” means The Office of Foreign Assets Control of the U.S. Department of the Treasury.

“*Other Connection Taxes*” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“*Other Taxes*” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

“*Overadvance*” has the meaning set forth in Section 1.1(c).

“*Owner*” means, with respect to any Person, any other Person owning Ownership Interests of such Person.

“*Ownership Interests*” means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants or options to purchase any of the foregoing.

“*P1*” means, during each year, the period from the first instruction day to the last instruction day of December, for which Borrower provides an ADA report to the State.

“*P2*” means, during each year, the period from the first instruction day to the last instruction day of the last whole attendance month that ends on or before April 15th, for which Borrower provides an ADA report to the State.

“*Participant*” has the meaning set forth in Section 7.5(d).

“*Participant Register*” has the meaning set forth in Section 7.5(d).

“*Patriot Act*” means the USA Patriot Act, Title III of Pub. L. 107-56, signed into law October 26, 2001.

“*PBGC*” means the Pension Benefit Guaranty Corporation or any successor agency.

“*Pension Plan*” means any Employee Benefit Plan, other than a Multiemployer Plan, which is subject to the provisions of Title IV or Section 302 of ERISA or Sections 412 or 430 of the Code

sponsored, maintained, or contributed to by Borrower or ERISA Affiliate or to which Borrower or ERISA Affiliate has any liability, contingent or otherwise.

"Permitted Debt" means:

- (a) the Obligations;
- (b) unsecured Debt up to an aggregate amount not to exceed \$250,000.00 incurred in the ordinary course of business;
- (c) up to \$250,000.00 in the aggregate amount at any time outstanding for short-term or equipment leases; and
- (d) Debt under the Civic Builder Loan Documents in an aggregate amount not to exceed []⁷.

"Permitted Discretion" means a determination made in the exercise of reasonable (from the perspective of a secured commercial lender) business judgment exercised in good faith.

"Permitted Dispositions" means:

- (a) Dispositions in the ordinary course of business of equipment that is substantially worn, damaged, obsolete, surplus, or no longer useful;
- (b) Dispositions resulting from any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any Asset of Borrower otherwise permitted hereunder;
- (c) any lease or sub-lease of property in the ordinary course of business that would not materially interfere with the required use of such property by Borrower; and
- (d) other Dispositions of Assets, provided that the aggregate fair market value of all assets disposed of in reliance upon this paragraph (j) shall not exceed \$500,000.00 during any Fiscal Year.

"Permitted Investments" means:

- (a) Investments that may be allowed in the normal course of business for a charter school;

"Permitted Liens" means:

- (a) Liens in favor of Bank, in accordance with the Loan Documents;
- (b) judgment Liens that do not constitute an Event of Default under Section 6.1(j);
- (c) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation;

⁷ Borrower: please confirm the total amount of debt outstanding under the Civic Builder loan.

(d) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; and

(e) Liens created under the Civic Builder Loan Documents to secure the same.

"Person" means and includes natural persons, corporations, limited partnerships, general partnerships, limited liability companies, limited liability partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts, or other organizations, irrespective of whether they are legal entities, and governments and agencies and political subdivisions thereof.

"Protective Advances" has the meaning given to such term in Section 1.10.

"Recipient" means (a) Bank and (b) any assignee of Bank, as applicable.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

"Remedial Action" means all actions taken to (a) clean up, remove, remediate, contain, treat, monitor, assess, evaluate, or in any way address Hazardous Materials in the indoor or outdoor environment, (b) prevent or minimize a release or threatened release of Hazardous Materials so they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment, (c) restore or reclaim natural resources or the environment, (d) perform any pre-remedial studies, investigations, or post-remedial operation and maintenance activities, or (e) conduct any other actions with respect to Hazardous Materials required by Environmental Laws.

"Revolving Credit Commitment" means \$9,000,000.00.

"Revolving Credit Commitment Fee" has the meaning set forth in Section 1.9(a).

"Revolving Loans" has the meaning given to such term in Section 1.1.

"Revolving Loan Maturity Date" means June 30, 2026.

"Sanctioned Country" has the meaning set forth in Section 3.20.

"Sanctioned Person" has the meaning set forth in Section 3.20.

"Sanctions Program" has the meaning set forth in Section 3.20.

"Security Agreement" means that certain Security Agreement, dated as of even date herewith, among Borrower and Bank, as amended from time to time.

"Solvent" means, with respect to any Person on the date any determination thereof is to be made, that on such date: (a) the present fair valuation of the Assets of such Person is greater than such Person's probable liability in respect of existing debts; (b) such Person does not intend to, and does not believe that it will, incur debts beyond such Person's ability to pay as such debts mature; and (c) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, which would leave such Person with Assets remaining which would constitute unreasonably small capital after giving effect to the nature of the particular business or transaction. For purposes of this definition

(i) the fair valuation of any property or assets means the amount realizable within a reasonable time, either through collection or sale of such Assets at their regular market value, which is the amount obtainable by a capable and diligent Person from an interested buyer willing to purchase such property or assets within a reasonable time under ordinary circumstances; and (ii) the term debts includes any payment obligation, whether or not reduced to judgment, equitable or legal, matured or unmatured, liquidated or unliquidated, disputed or undisputed, secured or unsecured, absolute, fixed or contingent.

“*State*” means the State of California.

“*State Payments*” means all of the rights, title and interest of Borrower in, to and under all amounts to be paid by the State or agent of the State or any other Account Debtor to Borrower in respect of or arising from the Charter School, including, but not limited to, the local control funding formula, funding in-lieu of property taxes, education protection account funds, special education funds, SB 740 funds, transportation, after school activities and school nutrition funding, and all other Payment Intangibles and other funds that Borrower may be entitled to, including all amounts due or to become due and all amounts received with respect to the foregoing, all proceeds of the foregoing, and any and all claims and causes of action (whether based on contract, tort, statute, or otherwise), and all rights and remedies in law and in equity, related to the entitlement, ownership, collection or otherwise of the foregoing.

“*Subsidiary*” means, with respect to any Person, any corporation, limited liability company, partnership, trust or other entity (whether now existing or hereafter organized or acquired) of which such Person or one or more Subsidiaries of such Person at the time owns or controls directly or indirectly more than 50% of the shares of stock or partnership or other Ownership Interest having general voting power under ordinary circumstances to elect a majority of the board of directors, managers or trustees or otherwise exercising control of such corporation, limited liability company, partnership, trust or other entity (irrespective of whether at the time stock or any other form of ownership of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

“*Taxes*” means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“*Term SOFR*” means the rate per annum equal to the one (1) month Term Secured Overnight Financing Rate, as administered by CME Group Benchmark Administration Limited (or successor administrator) (the “*SOFR Administrator*”) and displayed by Bloomberg LP (or any successor thereto, or replacement thereof, as approved by Bank) and as determined by Bank on each Term SOFR Determination Date.

“*Term SOFR Determination Date*” means, initially, the Closing Date and then on the first Interest Payment Date immediately following the Closing Date, and every one (1) month thereafter; *provided that* if any Term SOFR Determination Date is not a U.S. Government Securities Business Day, the rate applicable on such Term SOFR Determination Date shall be the rate for the immediately preceding U.S. Government Securities Business Day.

“*Transferee*” has the meaning set forth in Section 7.5(e).

“*UCC*” means the California Uniform Commercial Code, as amended or supplemented from time to time.

“*Uniform Customs*” means the Uniform Customs and Practice for Documentary Credits (2007 Revision), International Chamber of Commerce Publication No. 600, as the same may be amended from time to time.

“U.S. Government Securities Business Day” means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in the United States government securities.

“U.S. Person” means any Person that is a “United States Person” as defined in Section 7701(a)(30) of the IRC.

“Withdrawal Liability” means liability with respect to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

“Withholding Agent” means Borrower and Bank.

1.2 *Accounting Terms and Determinations.* Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with GAAP.

1.3 *UCC Terms.* Any and all terms used in this Agreement or in any Loan Document which are defined in the UCC shall be construed and defined in accordance with the meaning and definition ascribed to such terms under the UCC, unless otherwise defined herein or in such Loan Document.

1.4 *Computation of Time Periods.* In this Agreement, with respect to the computation of periods of time from a specified date to a later specified date, the word from means from and including and the words to and until each mean to but excluding. Periods of days referred to in this Agreement shall be counted in calendar days unless otherwise stated.

1.5 *Construction.* Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular and to the singular include the plural, references to any gender include any other gender, the part includes the whole, the term including is not limiting, and the term or has, except where otherwise indicated, the inclusive meaning represented by the phrase and/or. References in this Agreement to determination by Bank include good faith estimates by Bank (in the case of quantitative determinations), and good faith beliefs by Bank (in the case of qualitative determinations). The words hereof, herein, hereby, hereunder, and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. Article, section, subsection, clause, exhibit and schedule references are to this Agreement, unless otherwise specified. Any reference in this Agreement or any of the Loan Documents to this Agreement or any of the Loan Documents includes any and all permitted alterations, amendments, changes, extensions, modifications, renewals, or supplements thereto or thereof, as applicable.

1.6 *Exhibits and Schedules.* All of the annexes, exhibits and schedules attached hereto shall be deemed incorporated herein by reference.

1.7 *No Presumption Against Any Party.* Neither this Agreement, any of the Loan Documents, any other document, agreement, or instrument entered into in connection herewith, nor any uncertainty or ambiguity herein or therein shall be construed or resolved using any presumption against any party hereto, whether under any rule of construction or otherwise. On the contrary, this Agreement, the Loan Documents, and the other documents, instruments, and agreements entered into in connection herewith have been reviewed by each of the parties and their counsel and shall be construed and interpreted according to the ordinary meanings of the words used so as to accomplish fairly the purposes and intentions of all parties hereto.

1.8 *Independence of Provisions.* All agreements and covenants hereunder, under the Loan Documents, and the other documents, instruments, and agreements entered into in connection herewith

shall be given independent effect such that if a particular action or condition is prohibited by the terms of any such agreement or covenant, the fact that such action or condition would be permitted within the limitations of another agreement or covenant shall not be construed as allowing such action to be taken or condition to exist.

**Annex 2
to
Credit Agreement**

Closing Conditions

Bank must receive each of the following prior to the first Loan, each in form and substance satisfactory to Bank.

1. Each of the Loan Documents, all duly executed by Borrower and/or the other Persons party thereto, and acknowledged where required;
2. A Certificate of the Secretary of Borrower, dated as of the Closing Date, certifying (i) the incumbency and signatures of the Authorized Officers who are executing the Loan Documents on behalf of Borrower; (ii) the Bylaws of Borrower and all amendments thereto as being true and correct and in full force and effect; and (iii) the resolutions of the board of directors of Borrower as being true and correct and in full force and effect, authorizing the execution and delivery of the Loan Documents, and authorizing the transactions contemplated hereunder and thereunder, and authorizing the Authorized Officers to execute the same on behalf of Borrower;
3. Borrower's Articles of Incorporation and all amendments thereto, certified by the applicable Secretary of State and dated a recent date prior to the Closing Date;
4. A certificate of status and good standing for Borrower, dated a recent date prior to the Closing Date, showing that Borrower is in good standing under the laws of the state of California;
5. A certificate signed by the President and Chief Executive Officer of Borrower, dated as of the Closing Date, certifying that (i) both immediately before and immediately after giving effect to the transactions contemplated by the Loan Documents, Borrower is and will be Solvent; (ii) to their Knowledge, the representations and warranties of Borrower contained in the Loan Documents are true and correct in all material respects, except for any representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which such representation and warranty shall be true and correct in all respects, and (iii) to their Knowledge after due and diligent inquiry, both immediately before and immediately after giving effect to the transactions contemplated by the Loan Documents, no Event of Default, Default or Material Adverse Effect is continuing or shall have occurred;
6. Evidence of Borrower's (i) 501(c)(3) status, (ii) Borrower's charter numbers that are in full force and effect, if applicable, and (iii) full funding levels are in full force and effect, if applicable;
7. Due diligence with respect to Borrower, including background checks on management and senior officers, audits, financial and legal surveys, and systems, management controls and servicing capabilities reviews;
8. UCC and other public record searches with respect to Borrower;
9. Such financial statements and information as Bank shall have reasonably requested;
10. The Revolving Credit Commitment Fee and all Expenses owing on the Closing Date;
11. No Material Adverse Effect shall have occurred since June 30, 2024;
12. Copies of insurance binders or insurance certificates evidencing Borrower's having caused to be obtained insurance in accordance with Section 4.5, including the endorsements required by such Section;
13. Establishment of ACH, collection, operating and other accounts at Bank, as required by Bank;
14. Establishment of access to bank's electronic data room for reporting;
15. Such other documents, instruments and agreements as Bank may reasonably request in connection with the transactions contemplated hereunder or to perfect or protect the Liens granted to Bank.

Exhibit 4.3
To
Credit Agreement

Form of Charter School Borrowing Base Certificate
Submitted with P1 & P2 ADA reporting

To: John Helgeson: john.helgeson@eastwestbank.com
East West Bank

From: Navigator Schools ("Borrower")
NAME
POSITION

This Borrowing Base Certificate ("BBC") is given pursuant to section 4.3(b) of that certain Credit Agreement dated as of July [], 2024 (as amended from time to time, the "Agreement"). All initially capitalized terms used but not defined in this BBC shall have the meanings assigned to such terms in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. **[He/She]** is an Authorized Officer of Borrower;
2. Below is the true and correct information for the Borrowing Base for the attendance month and school year stated.
3. **[He/She]** reviewed the terms of the Agreement and has made, or has caused to be made under **[his/her]** supervision, a detailed review of the transactions and condition of Borrower during the accounting period covered by the attached financial statements;
4. The examinations described in Paragraph (2) above did not disclose, and **[He/She]** has no knowledge of, the existence of any condition or event which constitutes an Event of Default or Default during, or at the end of, the accounting period covered by the attached financial statements or as of the date of this BBC, except as set forth below;

Described below are the exceptions, if any, to Paragraph 4 above which list, in detail, the nature of the condition or event, the period during which it has existed and the action which Borrower has taken, is taking, or proposes to take with respect to each such condition or event:

This BBC is made and delivered this _____ day of _____, 20__.

BORROWING BASE CERTIFICATE FOR ATTENDANCE PERIOD: # [P1/P2] OF THE 24-25 SCHOOL YEAR*

ADA

- 1. Previous P1/P2 (circle one): _____
- 2. Current P1/P2 (circle one): _____

Credit Limit \$

ADA/BB Compliant: yes _____ No _____

* Attached for reference is the ADA Schedule for this BBC analysis

Navigator Schools,
a California Nonprofit Public Benefit Corporation

By: _____
Name:
Title:

Exhibit 4.13
To
Credit Agreement

Form of Charter School Compliance Certificate
[Submitted Annually in conjunction with the annual audit and as may be requested by the Bank]

To: John Helgeson: john.helgeson@eastwestbank.com
East West Bank

From: Navigator Schools ("Borrower")
NAME
POSITION

This Compliance Certificate is given pursuant to section 4.13 of that certain Credit Agreement dated as of [DATE] (as amended from time to time, the "Agreement"), by and among Borrower, on the one hand, and Bank, on the other hand. All initially capitalized terms used but not defined in this Compliance Certificate shall have the meanings assigned to such terms in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. [He/She] is an Authorized Officer or other representative of Borrower who has been authorized to sign and deliver this Compliance Certificate, acting alone, pursuant to written resolutions previously provided by Borrower to Bank that continue to be in full force and effect;
2. [He/She] reviewed the terms of the Agreement and has made, or has caused to be made under [his/her] supervision, a detailed review of the transactions and condition of Borrower during the accounting period covered by the attached financial statements;
3. The examinations described in Paragraph (2) above did not disclose, and [He/She] has no knowledge of, the existence of any condition or event which constitutes an Event of Default or Default during, or at the end of, the accounting period covered by the attached financial statements or as of the date of this Compliance Certificate, except as set forth below;
4. **Schedule 1** attached hereto and incorporated herein by this reference sets forth the financial data and computations evidencing Borrower's compliance with the covenants set forth in Section 5.11 of the Agreement, all of which data and computations are true, complete and correct.

Described below are the exceptions, if any, to Paragraph 3 above which list, in detail, the nature of the condition or event, the period during which it has existed and the action which Borrower has taken, is taking, or proposes to take with respect to each such condition or event:

[remainder of this page intentionally left blank]

* * *

This Compliance Certificate, together with the computations set forth in Schedule 1 hereto and the financial statements delivered concurrently herewith in support hereof, are made and delivered this _____ day of _____, 20__.

Navigator Schools,
a California Nonprofit Public Benefit Corporation

By: _____
Name:
Title:

SCHEDULE 1 TO COMPLIANCE CERTIFICATE FOR FISCAL YEAR ENDING 12/31/20__

1. Debt Coverage Ratio (DCR) (Section 5.11(a) of Agreement)

- a. Earnings before interest, taxes, depreciation, and amortization (EBITDA) \$ _____
- b. Interest Expense \$ _____
- c. Current Portion of Long-Term Debt \$ _____
- d. Distribution/Dividends \$ _____

Calculation: $DCR = (a)/(b+c+d) =$ _____

Is the DCR \geq 1.01:1.00? Yes ___ No ___

2. Average Daily Attendance (ADA) Covenant (Section 5.11(b) of Agreement)

- a. P2 ADA from previous year _____
- b. P1 from the year just ended _____
- c. P2 from the year just ended _____

Calculations

1. P2 Comparison = $(c-a)/a =$ _____ %

2. P1 Comparison = $(c-b)/b =$ _____ %

Is the P2 Comparison \geq 90%? Yes ___ No ___

Is the P1 Comparison \geq 90%? Yes ___ No ___

3. Revenue to Expense Ratio (RER) (Section 5.11(c) of Agreement)

- a. Gross Revenue \$ _____
- b. Total Expenses \$ _____

Calculation: $RER = a/b =$ _____

Is the RER \geq 1.01:1.00? Yes ___ No ___

Exhibit A-1
To
Credit Agreement
Form of Assignment

Irrevocable Assignment of State Payments
(On Borrower's Letterhead)

To: John Helgeson
Senior Vice President
East West Bank
135 North Los Robles, 2nd Floor
Pasadena, CA 91101

We are writing in reference to the Credit Agreement (the "Agreement") dated as of July [], 2024 between Navigator Schools, a California Nonprofit Public Benefit Corporation (the "Assignor"), and East West Bank (the "Assignee"). This Irrevocable Assignment of State Payments has been approved by the Assignor's Board of Directors.

This letter is an assignment of all rights and privileges from Assignor to Assignee with respect to the following State Payments, regardless of when the payments are made by the State of California:

- All LCFF payments for the period of July 2024 through July 2026
- All payments In Lieu of Property Tax for the period of July 2024 through August 2026
- All Education Protection Account (EPA) payments for the period of July 2024 through August 2026

For the valuable consideration of Assignee entering into the Agreement so that Assignee may provide a line of credit facility to Assignor, Assignor agrees to:

- Assign the specific State Payments listed above;
- Not revoke this assignment; and
- Provide Irrevocable Instructions to each Payor to send these assigned State Payments to a designated bank account at Assignee.

[remainder of this page intentionally left blank]

* * *

This assignment is irrevocable and cannot be altered without written acknowledgement from the Assignee.

Navigator Schools,
a California Nonprofit Public Benefit Corporation

By: _____

Name:

Title:

Exhibit A-2
To
Credit Agreement

Form of Notice of Assignment

Notice of Assignment & Irrevocable Instructions
(On Borrower Letterhead)

To: **[PAYOR NAME & ADDRESS]**

We are writing in reference to the Credit Agreement (the “Agreement”) dated as of July [___], 2024 between Navigator Schools, a California Nonprofit Public Benefit Corporation (the “Assignor”), and East West Bank (the “Assignee”). This Notice of Assignment has been approved by the Assignor’s Board of Directors.

This letter notifies you that the Assignor has assigned its rights to the following State Payments to Assignee:

- All LCFF payments for the period of July 2024 through July 2026
- All payments In Lieu of Property Tax for the period of July 2024 through August 2026
- All Education Protection Account (EPA) payments for the period of July 2024 through August 2026

This Notice of Assignment is irrevocable and cannot be altered without written agreement or acknowledgement by the Assignee.

Irrevocable Instructions

Assignor has opened bank accounts at Assignee. These accounts represent our primary banking relationship. With this letter, Assignor is directing you to deliver all payments due to Assignor in the normal course of business to the account listed below. This instruction is irrevocable and applies to all payments due Assignor. Moreover, these instructions may not be terminated, modified or amended without express written agreement by or direction from the Assignee.

[Describe and attach form as may be required from time to time by various counties/districts to facilitate the delivery of state payments]

[INSERT APPROPRIATE ACCOUNT INFORMATION]

- Wire/EFT/Mail

If you have any questions with respect to this direction, instruction and authorization or any proposed amendment, modification, termination or revocation of this direction, instruction, and authorization, please contact John Helgeson of East West Bank at (626) 372-4548.

[remainder of this page intentionally left blank]

* * *

Sincerely,

Navigator Schools,
a California Nonprofit Public Benefit
Corporation

By: _____

Name:

Title

These instructions are irrevocable and cannot be altered without written agreement or acknowledgement by the Assignee.

Schedule 3.7
To
Credit Agreement

Litigation

[to be completed by Borrower]

Schedule 3.7

Schedule 3.9
To
Credit Agreement

List of Charter School Contracts

[to be completed by Borrower]

Schedule 3.9

Schedule 3.18
To
Credit Agreement

List of Material Contracts
(other than Charter School Contracts)

[to be completed by Borrower]

Schedule 3.18