

SECURITY AGREEMENT

This SECURITY AGREEMENT, dated as of July [], 2024 (the “*Security Agreement*”), is entered into by Navigator Schools, a California Nonprofit Public Benefit Corporation (“*Grantor*”), on the one hand, and **EAST WEST BANK** (“*Bank*”), on the other hand. Initially capitalized terms used in this Security Agreement have the meanings ascribed to such terms in **Annex 1**. All initially capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Credit Agreement (as defined below).

RECITALS

A. The Grantor and Bank are contemporaneously herewith entering into that certain Credit Agreement, dated as of even date herewith (as may be amended or restated from time to time, the “*Credit Agreement*”); and

B. To induce Bank to enter into the Credit Agreement, Grantor has agreed to enter into this Security Agreement in order to grant to Bank a first priority security interest in the Collateral to secure prompt payment and performance of the Secured Obligations.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, conditions, representations, and warranties hereinafter set forth, and for other good and valuable consideration, the parties hereto agree as follows:

1. *Creation of Security Interest.* Grantor hereby grants to Bank a continuing security interest in all presently existing and hereafter acquired or arising Collateral in order to secure the prompt payment and performance of all of the Secured Obligations. Grantor acknowledges and affirms that such security interest in the Collateral has attached to all Collateral without further act on the part of Bank or Grantor.

2. *Further Assurances.*

2.1 Grantor shall execute and deliver to Bank concurrently with Grantor’s execution of this Security Agreement, and from time to time at the reasonable request of Bank, and Grantor hereby authorizes Bank to file, all financing statements, continuation financing statements, fixture filings, security agreements, chattel mortgages, assignments, and all other documents that Bank may reasonably require, in form reasonably satisfactory to Bank, to perfect and maintain perfected Bank’s security interests in the Collateral, and in order to consummate fully all of the transactions contemplated by this Security Agreement and the Credit Agreement. Grantor hereby irrevocably makes, constitutes, and appoints Bank (and Bank’s officers, employees, or agents) as Grantor’s true and lawful attorney with power to sign the name of Grantor on any of the above-described documents or on any other similar documents which need to be executed, recorded, or filed, and to do any and all things necessary in the name and on behalf of Grantor in order to perfect, or continue the perfection of, Bank’s security interests in the Collateral. Grantor agrees that neither Bank, nor any of its designees or attorneys-in-fact, will be liable for any act of commission or omission, or for any error of judgment or mistake of fact or law with respect to the exercise of the power of attorney granted under this Section 2.1, other than as a result of its or their gross negligence or willful misconduct. **THE POWER OF ATTORNEY GRANTED UNDER THIS SECTION 2.1 IS COUPLED WITH AN INTEREST AND SHALL BE IRREVOCABLE UNTIL ALL OF THE SECURED OBLIGATIONS HAVE BEEN PAID IN FULL IN CASH, THE CREDIT AGREEMENT TERMINATED, AND ALL OF GRANTOR’S DUTIES HEREUNDER AND THEREUNDER HAVE BEEN DISCHARGED IN FULL.**

2.2 Without limiting the generality of the foregoing Section 2.1 or any of the provisions of the Credit Agreement, promptly upon Bank’s request in the exercise of its Permitted Discretion, Grantor

shall : (i) mark conspicuously Grantor's Books with a legend, in form and substance reasonably satisfactory to Bank, indicating that the Collateral is subject to the security interest granted hereby; (ii) mark all Chattel Paper with a conspicuous legend indicating Bank's security interest therein and otherwise in form and substance reasonably satisfactory to Bank; and (iii) appear in and defend any action or proceeding which may affect Grantor's title to, or the security interest of Bank in, any of the Collateral.

2.3 With respect to the Negotiable Collateral (other than drafts received in the ordinary course of business so long as no Event of Default is continuing), Grantor shall, promptly upon reasonable request by Bank, endorse (where appropriate) and assign the Negotiable Collateral over to Bank, and deliver to Bank actual physical possession of the Negotiable Collateral together with such undated powers, or other relevant document of transfer, endorsed in blank as shall be reasonably requested by Bank, all in form and substance reasonably satisfactory to Bank.

2.4 Within [30-60] days of the Closing Date, and so long as this Security Agreement and the Credit Agreement are effective, Grantor shall maintain its primary banking relationship and Cash Management Services with Bank. Promptly upon Bank's reasonable request from time to time, Grantor shall deliver to Bank a duly executed control agreement in form and substance reasonably satisfactory to Bank with respect to all deposit accounts at other financial institutions where State Payments that are part of Bank's Collateral have been deposited.

2.5 Grantor shall promptly notify Bank of any Commercial Tort Claims it may bring against any Person, including the name and address of each defendant, a summary of the facts, an estimate of damages, copies of any complaint or demand letter submitted by Grantor, and such other information as Bank may request, and in connection therewith, at Bank's reasonable request, Grantor and Bank shall enter into an amendment to this Security Agreement granting a security interest to Bank in each such Commercial Tort Claim to secure the Secured Obligations.

3. *Representations and Warranties.* In order to induce Bank to enter into the Credit Agreement and to make Loans to Grantor, in addition to the representations and warranties of Grantor set forth in the other Loan Documents which are incorporated herein by this reference, Grantor represents and warrants to Bank that on the Closing Date and thereafter on the date of each and every Borrowing or issuance of a Letter of Credit:

3.1 *Legal Name; State of Organization; Location of Chief Executive Office and Collateral; FEIN.* Grantor's exact legal name, state of incorporation, FEIN and charter or organizational identification number is accurately set forth in Section 3.1 of **Schedule 1**. Grantor's chief executive office is located at the address set forth in **Schedule 1**, and all other locations where Grantor conducts business or Collateral is kept are set forth in Section 3.1 of **Schedule 1**.

3.2 *Locations of Grantor's Books.* All locations where Grantor's Books are kept, including all equipment necessary for accessing Grantor's Books and the names and addresses of all service bureaus, computer or data processing companies and other Persons keeping Grantor's Books or collecting Rights to Payment for Grantor, are set forth in Section 3.2 of **Schedule 1**.

3.3 *Trade Names and Trade Styles.* All trade names and trade styles under which Grantor presently conduct their business operations are set forth in Section 3.3 of **Schedule 1**, and, except as set forth in Section 3.3 of **Schedule 1**, Grantor has not, at any time during the five years preceding the date of this Security Agreement: (i) been known as or used any other corporate, trade or fictitious name; (ii) changed its name; (iii) been the surviving or resulting corporation in a merger or consolidation; or (iv) acquired through asset purchase or otherwise any business of any Person.

3.4 *Enforceability; Priority of Security Interest.* (i) This Security Agreement creates a security interest which is enforceable against the Collateral in which Grantor now has rights and will create a security interest which is enforceable against the Collateral in which Grantor hereafter acquires rights at

the time Grantor acquires any such rights, and (ii) Bank has a perfected security interest (to the fullest extent perfection can be obtained by filing, notification to third Persons, possession or control) and a first priority security interest in the Collateral in which Grantor now has rights (subject only to Permitted Liens), and will have a perfected and first priority security interest (to the fullest extent perfection can be obtained by filing, notification to third Persons, possession or control) in the Collateral in which Grantor hereafter acquires rights at the time Grantor acquires any such rights (subject only to Permitted Liens), in each case securing the payment and performance of the Secured Obligations.

3.5 *Other Financing Statements.* Other than financing statements in favor of Bank and financing statements filed in connection with Permitted Liens, to the Knowledge of Grantor, no effective financing statement naming Grantor as debtor, assignor, grantor, mortgagor, pledgor or the like and covering all or any part of the Collateral is on file in any filing or recording office in any jurisdiction.

3.6 *Rights to Payment.*

(a) the Rights to Payment represent valid, binding and enforceable obligations of the Account Debtors or other Persons obligated thereon, except as enforceability may be limited by bankruptcy, insolvency, and similar laws and equitable principles affecting the enforcement of creditors' rights generally, representing undisputed, bona fide transactions completed in accordance with the terms and provisions contained in any documents related thereto, and are and will be genuine, free from Liens (other than Permitted Liens), adverse claims, counterclaims, setoffs, defaults, disputes, defenses, retainages, holdbacks and conditions precedent of any kind or character, except to the extent reflected by Grantor's reserves for uncollectible Rights to Payment;

(b) to Grantor's Knowledge, all Account Debtors and other obligors on the Rights to Payment are Solvent and generally paying their debts as they come due;

(c) all Rights to Payment comply with all applicable laws concerning form, content and manner of preparation and execution, including where applicable any federal and state consumer credit laws;

(d) Grantor has not assigned any of its rights under the Rights to Payment other than to Bank pursuant to this Security Agreement;

(e) all statements made, all unpaid balances and all other information in Grantor's Books and other documentation relating to the Rights to Payment are true and correct and what they purport to be; and

(f) Grantor has no Knowledge of any fact or circumstance which would materially impair the validity or collectibility of any Rights to Payment.

3.7 *Deposit Accounts.* The names and addresses of all financial institutions at which Grantor maintains its Deposit Accounts, and the account numbers and account names of such Deposit Accounts, are set forth in **Schedule 1**.

3.8 *Commercial Tort Claims.* All of Grantor's Commercial Tort Claims that it has brought against any Person, including the name and address of each defendant, a summary of the facts, and an estimate of Grantor's damages, are set forth in Section 3.8 of **Schedule 1**.

4. *Covenants.* In addition to the covenants of Grantor set forth in the other Loan Documents which are incorporated herein by this reference, Grantor agrees that from the Closing Date and thereafter until the payment, performance and satisfaction in full, in cash, of the Secured Obligations, and all of Bank's

commitments under the Credit Agreement to Grantor have been terminated (other than Bank Product Obligations that have been Cash Collateralized):

4.1 *Defense of Collateral.* Grantor shall appear in and defend any action, suit or proceeding which may affect its title to or right or interest in, or Bank's right or interest in, any Collateral.

4.2 *Compliance with Laws, Etc.* Grantor shall comply with all laws, regulations and ordinances, and all policies of insurance, relating to the possession, operation, maintenance and control of the Collateral.

4.3 *Location of Grantor's Books and Chief Executive Office.* Grantor shall: (i) keep all Grantor's Books at the locations set forth in Section 3.2 of **Schedule 1**; and (ii) maintain the location of Grantor's chief executive office or principal place of business at the locations set forth in Section 3.1 of **Schedule 1**; *provided, however*, that Grantor may amend Section 3.1 or Section 3.2 of **Schedule 1** so long as such amendment occurs by written notice to Bank not less than 30 days prior to the date on which the location of Grantor's Books or Grantor's chief executive office or principal place of business is changed.

4.4 *Change in Name, Trade Name, Trade Style or FEIN.* Grantor shall not change its legal name, trade names, trade styles or FEIN, or add any new trade names or trade styles from those listed on **Schedule 1**; *provided, however*, that Grantor may amend the applicable Section of **Schedule 1** so long as (i) such amendment occurs by written notice to Bank not less than 30 days prior to the date on which such new name, trade name, trade style or FEIN becomes effective, and (ii) Grantor executes and delivers to Bank any agreements, instruments or documents required by Bank pursuant to Section 2.1 of this Security Agreement.

4.5 *State of Incorporation or Formation.* Grantor shall not change the state of its incorporation or formation.

4.6 *Maintenance of Records.* Grantor shall keep separate, accurate and complete Grantor's Books, disclosing Bank's security interest hereunder.

4.7 *Disposition of Collateral.* Grantor shall not surrender or lose possession of, sell, lease, rent, license, or otherwise dispose of or transfer any of the Collateral or any right or interest therein, except for Permitted Dispositions.

5. *Collection of Rights to Payment.* Subject and in addition to the provisions of the Credit Agreement, Bank shall have the right at any time after the occurrence and during the continuance of an Event of Default (a) to notify the Account Debtors to make payments directly to Bank or a lockbox account as set forth in clause (c) of this Section 5, (b) to enforce Grantor's rights against the Account Debtors, and (c) to require that all payments made by Account Debtors be deposited directly into a lockbox account as Bank may specify, pursuant to a lockbox agreement in form and substance reasonably satisfactory to Bank, with a lockbox servicing agent acceptable to Bank.

6. *Events of Default.* The occurrence of any Event of Default under the Credit Agreement shall constitute an event of default ("Event of Default") hereunder.

7. *Rights and Remedies.*

7.1 During the continuance of an Event of Default, Bank, without notice or demand, may do any one or more of the following, all of which are authorized by Grantor:

(a) Settle or adjust disputes and claims directly with Account Debtors for amounts and upon terms which Bank considers advisable, and in such cases, Bank will credit the Secured

Obligations with only the net amounts received by Bank in payment of such disputed Accounts after deducting all Expenses incurred or expended in connection therewith;

(b) Without notice to or demand upon Grantor or any guarantor, make such payments and do such acts as Bank considers necessary or reasonable to protect its security interests in the Collateral. Grantor agrees to assemble the Collateral if Bank so requires, and to make the Collateral available to Bank as Bank may designate. Grantor authorizes Bank to enter the premises where the Collateral is located, to take and maintain possession of the Collateral, or any part of it, and to pay, purchase, contest, or compromise any encumbrance, charge, or Lien that in Bank's determination appears to conflict with its security interests and to pay all expenses incurred in connection therewith. With respect to any of Grantor's owned or leased premises, Grantor hereby grants Bank a license to enter into possession of such premises and to occupy the same, without charge, for up to 120 days in order to exercise any of Bank's rights or remedies provided herein, at law, in equity, or otherwise;

(c) Without notice to Grantor (such notice being expressly waived), and without constituting a retention of any collateral in satisfaction of an obligation), set off and apply to the Secured Obligations any and all (i) balances and Deposit Accounts of Grantor held by Bank, or (ii) indebtedness at any time owing to or for the credit or the account of Grantor held by Bank;

(d) Hold, as cash collateral, any and all balances and Deposit Accounts of Grantor held by Bank, to secure the full and final repayment of all of the Secured Obligations;

(e) Sell the Collateral at either a public or private sale, or both, by way of one or more contracts or transactions, for cash or on terms, in such manner and at such places (including Grantor's premises) as Bank determines is commercially reasonable. Bank shall have no obligation to clean-up or otherwise prepare the Collateral for sale. It is not necessary that the Collateral be present at any such sale;

(f) Bank shall give notice of the disposition of the Collateral as follows:

(i) Bank shall give Grantor and each holder of a security interest in the Collateral who has filed with Bank a written request for notice, a notice in writing of the time and place of public sale, or, if the sale is a private sale or some other disposition other than a public sale is to be made of the Collateral, then the time on or after which the private sale or other disposition is to be made;

(ii) The notice shall be personally delivered or mailed, postage prepaid, to Grantor as provided in Section 7.1 of the Credit Agreement, at least 10 days before the date fixed for the sale, or at least 10 days before the date on or after which the private sale or other disposition is to be made; no notice needs to be given prior to the disposition of any portion of the Collateral that is perishable or threatens to decline speedily in value or that is of a type customarily sold on a recognized market. Notice to Persons other than Grantor claiming an interest in the Collateral shall be sent to such addresses as they have furnished to Bank;

(iii) If the sale is to be a public sale, Bank also shall give notice of the time and place by publishing a notice one time at least 10 days before the date of the sale in a newspaper of general circulation in the county in which the sale is to be held;

(g) Bank may credit bid and purchase at any public sale;

(h) Grantor agrees that Bank shall be under no obligation to accept any noncash proceeds in connection with any sale or disposition of Collateral unless failure to do so would be commercially unreasonable. If Bank agrees in its sole discretion to accept noncash proceeds (unless the failure to do so would be commercially unreasonable), Bank may ascribe any commercially reasonable

value to such proceeds. Without limiting the foregoing, Bank may apply any discount factor in determining the present value of proceeds to be received in the future or may elect to apply proceeds to be received in the future only as and when such proceeds are actually received in cash by Bank; and

(i) The following shall be the basis for any finder of fact's determination of the value of any Collateral which is the subject matter of a disposition giving rise to a calculation of any surplus or deficiency under Section 9615(f) of the UCC: (i) the Collateral which is the subject matter of the disposition shall be valued in an "as is" condition as of the date of the disposition, without any assumption or expectation that such Collateral will be repaired or improved in any manner; (ii) the valuation shall be based upon an assumption that the transferee of such Collateral desires a resale of the Collateral for cash promptly (but no later than 30 days) following the disposition; (iii) all reasonable closing costs customarily borne by the seller in commercial sales transactions relating to property similar to such Collateral shall be deducted including, without limitation, brokerage commissions, tax prorations, attorney's fees, whether in-house or outside counsel is used, and marketing costs; (iv) the value of the Collateral which is the subject matter of the disposition shall be further discounted to account for any estimated holding costs associated with maintaining such Collateral pending sale (to the extent not accounted for in (iii) above), and other maintenance, operational and ownership expenses; and (v) any expert opinion testimony given or considered in connection with a determination of the value of such Collateral must be given by persons having at least 5 years experience in appraising property similar to the Collateral and who have conducted and prepared a complete written appraisal of such Collateral taking into consideration the factors set forth above. The "value" of any such Collateral shall be a factor in determining the amount of proceeds which would have been realized in a disposition to a transferee other than a secured party, a person related to a secured party or a secondary obligor under Section 9615(f) of the UCC.

7.2 Bank shall have no obligation to attempt to satisfy the Secured Obligations by collecting them from any third Person which may be liable for them or any portion thereof, and Bank may release, modify or waive any collateral provided by any other Person as security for the Secured Obligations or any portion thereof, all without affecting Bank's rights against Grantor. Grantor waives any right it may have to require Bank to pursue any third Person for any of the Secured Obligations.

7.3 Bank may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral, and Bank's compliance therewith will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

7.4 Bank may sell the Collateral without giving any warranties as to the Collateral. Bank may specifically disclaim any warranties of title or the like. This procedure will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

7.5 If Bank sells any of the Collateral upon credit, Grantor will be credited only with payments actually made by the purchaser, received by Bank and applied to the indebtedness of the purchaser. In the event that the purchaser fails to pay for the Collateral, Bank may resell the Collateral and Grantor will be credited with the proceeds of such sale.

7.6 Bank shall be under no obligation to marshal any assets in favor of Grantor, or against or in payment of the Secured Obligations or any other obligation owed to Bank by Grantor or any other Person.

7.7 Upon the exercise by Bank of any power, right, privilege, or remedy pursuant to this Security Agreement which requires any consent, approval, registration, qualification, or authorization of any Governmental Authority, Grantor agrees to execute and deliver, or will cause the execution and delivery of, all applications, certificates, instruments, assignments, and other documents and papers that Bank or any purchaser of the Collateral may be required to obtain for such governmental consent, approval, registration, qualification, or authorization.

7.8 The rights and remedies of Bank under this Security Agreement, the Credit Agreement, the other Loan Documents, and all other agreements contemplated hereby and thereby shall be cumulative. Bank shall have all other rights and remedies not inconsistent herewith as provided under the UCC, by law, or in equity. No exercise by Bank of any one right or remedy shall be deemed an election of remedies, and no waiver by Bank of any default on Grantor's part shall be deemed a continuing waiver of any further defaults. No delay by Bank shall constitute a waiver, election or acquiescence with respect to any right or remedy.

7.9 All Proceeds of Collateral and any other amounts received by Bank as payment on the Secured Obligations following an Event of Default and exercise by Bank of its rights and remedies shall be applied as follows:

- (a) first, to pay any Expenses due to Bank until paid in full,
- (b) second, to pay interest due in respect of the Loans pro rata until paid in full,
- (c) third, to pay the principal balance of the Loans pro rata in inverse order of maturity until paid in full,
- (d) fourth, to pay any Bank Product Obligations pro rata until paid in full,
- (e) fifth, to pay any fees or premiums then due to Bank under the Loan Documents until paid in full,
- (f) sixth, to pay any indemnities then due to Bank under the Loan Documents, until paid in full, and
- (g) seventh, to Grantor or such other Person entitled thereto under applicable law.

8. *Bank Not Liable.* So long as Bank complies with the obligations, if any, imposed by the UCC, Bank shall not otherwise be liable or responsible in any way or manner for: (a) the safekeeping of the Collateral; (b) any loss or damage thereto occurring or arising in any manner or fashion or from any cause; (c) any diminution in the value thereof; or (d) any act or default of any carrier, warehouseman, bailee, forwarding agency, or other person whomsoever. Grantor bears the risk of loss or damage of the Collateral.

9. *Notices.* All notices or demands by any party hereto to the other party and relating to this Security Agreement shall be made in the manner and to the addresses set forth in Section 7.1 of the Credit Agreement.

10. *General Provisions.*

(a) *Successors and Assigns.* This Security Agreement shall bind and inure to the benefit of the respective successors and permitted assigns of Grantor and Bank; *provided, however,* that Grantor may not assign this Security Agreement nor delegate any of their duties hereunder without Bank's prior written consent and any prohibited assignment or delegation shall be absolutely void. No consent by Bank to an assignment by Grantor shall release Grantor from the Secured Obligations. Bank reserves its right to sell, assign, transfer, negotiate, or grant participations in all or any part of, or any interest in, the rights and benefits hereunder pursuant to and in accordance with the provisions of the Credit Agreement. In connection therewith, Bank may disclose all documents and information which Bank now or hereafter may have relating to Grantor, Grantor's business, or the Collateral to any such prospective or actual Transferee.

(b) *Exhibits and Schedules.* All of the exhibits and schedules attached hereto shall be deemed incorporated by reference.

(c) *No Presumption Against Any Party.* Neither this Security Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against Bank or Grantor, whether under any rule of construction or otherwise. On the contrary, this Security Agreement has been reviewed by each of the parties and their counsel and shall be construed and interpreted according to the ordinary meaning of the words used so as to accomplish fairly the purposes and intentions of all parties hereto.

(d) *Amendments and Waivers.* Any provision of this Security Agreement or any of the Loan Documents to which Grantor is a party may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the party asserted to be bound thereby, and then such amendment or waiver shall be effective only in the specific instance and specific purpose for which given.

(e) *Counterparts; Electronic Signatures.* This Security Agreement 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 Security Agreement. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Security Agreement 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 Security Agreement (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.

(f) *Severability.* The provisions of this Security Agreement are severable. The invalidity, in whole or in part, of any provision of this Security 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.

11. *Updating Disclosure Schedules.* To the extent necessary to cause the representations and warranties set forth in Section 3 to remain true, complete and accurate as of the Closing Date, the date of each and every Borrowing and the date of each issuance of a Letter of Credit, Grantor shall update in writing any Schedules provided for in Section 3 to the extent they have Knowledge of any circumstance which may have the effect of making any representation or warranty contained in Section 3 untrue or incomplete in any material respect,. The requirement of Grantor 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.

12. *Termination.* Upon the payment, performance and satisfaction in full in cash of the Secured Obligations, and all of Bank's obligations under the Credit Agreement have been terminated and no Letters of Credit are outstanding (other than Letter of Credit obligations, Bank Product Obligations, and unasserted indemnification obligations that have been Cash Collateralized), Bank shall, at Grantor's expense, upon the written request of the Grantor, execute and deliver to the Grantor a proper instrument or instruments acknowledging the release and termination of the security interests created by this Security Agreement and shall authorize the Grantor to file the appropriate termination statements evidencing the same, and shall duly assign and deliver to the Grantor such of the Collateral as may be in the possession of the Bank.

13. *CHOICE OF LAW AND VENUE; JURY TRIAL WAIVER; CLASS ACTION WAIVER; DISPUTE RESOLUTION.* This Security Agreement shall be subject to Sections 7.12 and 7.13 of the Credit Agreement, which are incorporated herein by this reference.

* * *

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IN WITNESS WHEREOF, the parties have executed this Security Agreement as of the date first set forth above.

Grantor:

**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 Security Agreement

Definitions and Construction

1. Definitions. The following terms, as used in this Security Agreement, shall have the following meanings:

“*Account Debtor*” means any Person who is or who may become obligated with respect to, or on account of, an Account, Chattel Paper or General Intangible.

“*Accounts*” means any and all of Grantor’s presently existing and hereafter arising accounts (as defined in the UCC).

“*Chattel Paper*” means all of Grantor’s presently existing and hereafter acquired or created chattel paper (as defined in the UCC).

“*Collateral*” means the following, collectively: any and all of the Accounts, Chattel Paper, Commercial Tort Claims, Deposit Accounts, Documents, Instruments, General Intangibles, including, without limitation, all State Payments and the right to receive the same and proceeds of the same, Negotiable Collateral, Supporting Obligations, Grantor’s Books, in each case whether now existing or hereafter acquired or created, any money or other assets of Grantor that now or hereafter come into the possession, custody, or control of Bank and any Proceeds or products of any of the foregoing, or any portion thereof. In no event shall the Collateral include, or Bank’s Lien attach to, (x) Hazardous Materials, (y) any of the outstanding Ownership Interests of a Foreign Subsidiary in excess of 65% of the issued and outstanding Ownership Interests entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) and 100% of the issued and outstanding Ownership Interests not entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) in each Foreign Subsidiary if the pledge of a greater percentage would result in material adverse tax consequences to Grantor), or (z) any document, contract, license or agreement to which Grantor is a party or any of its rights or interests thereunder (including, without limitation, rights of Grantor in any Assets leased, licensed or otherwise acquired thereunder), if and for so long as the grant of such security interest or the assignment thereof shall constitute or result in a breach or termination pursuant to the terms of, or a default under, or is otherwise prohibited by the terms of any such document, contract, license or agreement due to an enforceable provision containing a restriction on assignment or the grant of a security interest thereunder (other than to the extent that any such term is rendered ineffective pursuant to Section 9406, 9407, 9408, or 9409 of the UCC (or any successor provision or provisions) or any other applicable law (including the Bankruptcy Code) or principles of equity); provided that the foregoing exclusion shall not apply if such prohibition has been waived by the other party to such document, contract, license or agreement or the other party to such document, contract, license or agreement has otherwise consented to the creation hereunder of a security interest in such document, contract, license or agreement; provided, further, that immediately upon the ineffectiveness or lapse or termination of any such provision, the Collateral shall include, and Grantor shall be deemed to have granted a security interest in, all its rights, title and interests in and to such document, contract, license or agreement as if such provision had never been in effect; and provided, further, that the foregoing exclusion shall in no way be construed so as to limit, impair or otherwise affect Bank’s unconditional continuing security interest in and to all rights, title and interests of Grantor in or to any payment obligations or other rights to receive monies due or to become due under any such document, contract, license or agreement and in any such monies and other proceeds of such document, contract, license or agreement, or (aa) any “intent to use” trademark applications to the extent that, and solely during the period in which, the grant of a security interest therein would impair the validity or enforceability of such “intent to use” trademark applications under applicable federal law.

“*Commercial Tort Claims*” means all of Grantor’s presently existing and hereafter acquired or arising commercial tort claims (as defined in the UCC), including those listed in Section 3.8 of **Schedule 1** attached hereto.

“*Copyrights*” means any and all rights in any works of authorship, including (i) copyrights and moral rights, (ii) copyright registrations and recordings thereof and all applications in connection therewith, (iii) income, license fees, royalties, damages, and payments now and hereafter due or payable under and with respect thereto, including payments under all licenses entered into in connection therewith and damages and payments for past, present, or future infringements thereof, (iv) the right to sue for past, present, and future infringements thereof, and (v) all of Grantor’s rights corresponding thereto throughout the world.

“*Credit Agreement*” is defined in the Recitals.

“*Deposit Account*” means all of Grantor’s presently existing and hereafter acquired or arising deposit accounts (as defined in the UCC).

“*Documents*” means all of Grantor’s presently existing and hereafter acquired or arising documents (as defined in the UCC).

“*Domestic Subsidiary*” means any Subsidiary that is incorporated or organized under the laws of the United States of America, any state thereof or the District of Columbia.

“*Expenses*” has the meaning of “*Expenses*” under the Credit Agreement and shall also mean: any and all reasonable costs or expenses required to be paid by Grantor under this Security Agreement which are paid or advanced by Bank; all reasonable costs and expenses of Bank, including its reasonable attorneys’ fees and expenses (including reasonable attorneys’ fees incurred pursuant to proceedings arising under the Bankruptcy Code), incurred or expended to correct any default or enforce any provision of this Security Agreement, or in gaining possession of, maintaining, handling, preserving, storing, shipping, selling, preparing for sale, or advertising to sell the Collateral, irrespective of whether a sale is consummated; and all reasonable costs and expenses of suit incurred or expended by Bank, including its reasonable attorneys’ fees and expenses (including reasonable attorneys’ fees incurred pursuant to proceedings arising under the Bankruptcy Code) in enforcing or defending this Security Agreement, irrespective of whether suit is brought.

“*FEIN*” means Federal Employer Identification Number.

“*Foreign Subsidiary*” means any direct or indirect Subsidiary of Grantor that is not a Domestic Subsidiary.

“*General Intangibles*” means any and all of Grantor’s presently existing and hereafter acquired or arising general intangibles (as defined in the UCC), and includes payment intangibles, contract rights, rights to payment, rights under swaps (including the right to receive payment on account of the termination (voluntarily or involuntarily) of any such swap), rights arising under common law, statutes, or regulations, choses or things in action, goodwill, Intellectual Property, Intellectual Property Licenses, purchase orders, customer lists, monies due or recoverable from pension funds, route lists, rights to payment and other rights under any royalty or licensing agreements, including Intellectual Property Licenses, infringement claims, pension plan refunds, pension plan refund claims, insurance premium rebates, tax refunds, and tax refund claims, interests in a partnership or limited liability company which do not constitute a security under Article 8 of the UCC, and any other personal property other than Commercial Tort Claims, money, Accounts, Chattel Paper, Deposit Accounts, goods, Investment Property, Negotiable Collateral, and oil, gas, or other minerals before extraction.

“*Grantor*” has the meaning assigned to such term in the Preamble.

“*Grantor’s Books*” means any and all presently existing and hereafter acquired or created books and records of Grantor, including all records (including maintenance and warranty records), ledgers,

computer programs, disc or tape files, printouts, runs, and other computer prepared information indicating, summarizing, or evidencing the Collateral.

"Instruments" means any and all of Grantor's presently existing and hereafter acquired or arising instruments (as defined in the UCC).

"Intellectual Property" means any and all Patents, Copyrights, Trademarks, trade secrets, know-how, inventions (whether or not patentable), algorithms, software programs (including source code and object code), processes, product designs, industrial designs, blueprints, drawings, data, customer lists, URLs and domain names, specifications, documentations, reports, catalogs, literature, and any other forms of technology or proprietary information of any kind, including all rights therein and all applications for registration or registrations thereof.

"Intellectual Property Licenses" means, with respect to any Person (the *"Specified Party"*), (i) any licenses or other similar rights provided to the Specified Party in or with respect to Intellectual Property owned or controlled by any other Person, and (ii) any licenses or other similar rights provided to any other Person in or with respect to Intellectual Property owned or controlled by the Specified Party, in each case, including (A) any software license agreements (other than license agreements for commercially available off-the-shelf software that is generally available to the public which have been licensed to Grantor pursuant to end-user licenses), and (B) the right to use any of the licenses or other similar rights described in this definition in connection with the enforcement of Bank's rights under the Loan Documents.

"Investment Property" means any and all of Grantor's presently existing and hereafter acquired investment property (as defined in the UCC).

"Letter of Credit Rights" means any and all of Grantor's presently existing and hereafter acquired letter of credit rights (as defined in the UCC).

"Negotiable Collateral" means any and all of Grantor's presently existing and hereafter acquired or arising letters of credit, letter of credit rights, advises of credit, certificates of deposit, notes, drafts, money, Instruments, Documents and tangible Chattel Paper.

"Patents" means patents and patent applications, including (i) all continuations, divisionals, continuations-in-part, re-examinations, reissues, and renewals thereof and improvements thereon, (ii) all income, royalties, damages and payments now and hereafter due or payable under and with respect thereto, including payments under all licenses entered into in connection therewith and damages and payments for past, present, or future infringements thereof, (iii) the right to sue for past, present, and future infringements thereof, and (iv) all of Grantor's rights corresponding thereto throughout the world.

"Proceeds" means whatever is receivable or received from or upon the sale, lease, license, collection, use, exchange or other disposition, whether voluntary or involuntary, of any Collateral, including "proceeds" as defined in the UCC, any and all proceeds of any insurance, indemnity, warranty or guaranty payable to or for the account of Grantor from time to time with respect to any of the Collateral, any and all payments (in any form whatsoever) made or due and payable to Grantor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any Governmental Authority (or any Person acting under color of Governmental Authority), any and all other amounts from time to time paid or payable under or in connection with any of the Collateral or for or on account of any damage or injury to or conversion of any Collateral by any Person, any and all other tangible or intangible property received upon the sale or disposition of Collateral, and all proceeds of proceeds.

"Rights to Payment" means all State Payments and any and all rights and claims to the payment or receipt of money or other forms of consideration of any kind in, to and under all electronic Chattel Paper, General Intangibles, Letter of Credit Rights, Negotiable Collateral and Proceeds thereof.

“*Secured Obligations*” means, collectively, (i) the “Obligations” as defined in the Credit Agreement, and (ii) any and all debts, liabilities, obligations, or undertakings owing by Grantor (or any of them) to Bank arising under, advanced pursuant to, or evidenced by this Security Agreement, whether direct or indirect, absolute or contingent, matured or unmatured, due or to become due, voluntary or involuntary, whether now existing or hereafter arising, and including all interest not paid when due and all Expenses which Grantor is required to pay or reimburse pursuant to this Security Agreement, the Credit Agreement, the other Loan Documents or by law.

“*Security Agreement*” shall have the meaning set forth in the mean this Security Agreement, as amended or restated from time to time.

“*State Payments*” has the meaning assigned to such term in the Preamble.

“*Supporting Obligations*” has the meaning given to such term in the UCC.

“*Trademarks*” means any and all trademarks, trade names, registered trademarks, trademark applications, service marks, registered service marks and service mark applications, including (i) all renewals thereof, (ii) all income, royalties, damages and payments now and hereafter due or payable under and with respect thereto, including payments under all licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof, (iii) the right to sue for past, present and future infringements and dilutions thereof, (iv) the goodwill of Grantor’s business symbolized by the foregoing or connected therewith, and (v) all of Grantor’s rights corresponding thereto throughout the world.

“*URL*” means “uniform resource locator,” an internet web address.

2. Construction. Unless the context of this Security Agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the part includes the whole, “including” is not limiting, and “or” has the inclusive meaning represented by the phrase “and/or.” References in this Security Agreement to “determination” by Bank include reasonable estimates (absent manifest error) by Bank (in the case of quantitative determinations) and reasonable beliefs (absent manifest error) by Bank (in the case of qualitative determinations). The words “hereof,” “herein,” “hereby,” “hereunder,” and similar terms in this Security Agreement refer to this Security Agreement as a whole and not to any particular provision of this Security Agreement. Article, section, subsection, exhibit, and schedule references are to this Security Agreement unless otherwise specified.

SCHEDULE 1

Section 3.1 – Legal Name; State of Organization; Location of Chief Executive Office and Collateral; FEIN

Grantor	State of Organization	FEIN	Organizational ID #	Locations
Navigator Schools	CA			

Section 3.2 – Location of Grantor’s Books

Grantor	Location of Books

Section 3.3 – Trade Names and Trade Styles

Section 3.7 – Deposit Accounts

Bank Account	Account Number	Contact Information	Name in which Held

Exhibit A

Section 3.8 – Commercial Tort Claims