

LOAN AGREEMENT

As of August 26, 2020

Between

BORROWER Sovereign Community School Foundation 12600 N. Kelley Avenue Oklahoma City, OK 73131	LENDER SFS Development, Inc. 4825 S. Shields Boulevard Oklahoma City, OK 73129
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In consideration of the creation of the revolving credit facility described below and the mutual covenants and agreements contained herein, and intending to be legally bound hereby, Lender and Borrower agree as follows:

SECTION 1. *DEFINITIONS*

1.1 **Certain Definitions.** In addition to any other terms defined herein, the following terms shall have the meanings set forth with respect thereto:

“Agreement” means this Loan Agreement and all subsequent modifications and amendments hereto.

“Bankruptcy Default” means an Event of Default described in Section 10.7.

“Budget” means a budget and cost itemization prepared by Borrower, and approved in writing by Lender, specifying the cost by item, as applicable, of (a) all labor, materials, and services necessary for operating Sovereign Community School; and (b) all other expenses anticipated by Borrower incident to operation of Sovereign Community School.

“Business Day” means a weekday, Monday through Friday, except a legal holiday or a day on which banking institutions in Oklahoma City, Oklahoma are authorized or required by law to be closed. Unless otherwise provided, the term “days” when used herein shall mean calendar days.

“Closing Date”: See Section 4.

“Commitment” means the obligation of Lender, subject to the terms and conditions of this Agreement, to make Loans which shall not exceed at any one time outstanding \$500,000.00.

“Contested in Good Faith” means, as to any payment, tax, assessment, charge, levy, lien, encumbrance or claim, contesting the amount, applicability or validity thereof in good faith by appropriate proceedings or other appropriate actions promptly initiated and diligently conducted in a manner satisfactory to Lender, provided (a) a deposit of funds or other security satisfactory

to Lender in the full amount of such contested payment, tax, assessment, charge, levy, lien, encumbrance or claim has been provided for in a manner satisfactory to Lender, and (b) the enforcement of the contested payment, tax, assessment, charge, levy, lien, encumbrance or claim is stayed in a manner satisfactory to Lender pending the resolution of such contest.

“Contract Rate” means 3%; provided that in no event shall the Contract Rate ever exceed the Maximum Rate, and provided further, that after the occurrence of an Event of Default, the Contract Rate shall at Lender’s option be the Default Rate with respect to all past due payments of principal and interest.

“Conversion Date”: See Section 2.1(D).

“Default Rate” means the lesser of (a) the Maximum Rate or (b) 12%.

“Expiration Date” means January 31, 2021.

“Event of Default”: See Section 10.

“Funding Date”: See Section 5.

“GAAP” means generally accepted accounting principles as in effect from time to time, applied on a basis consistent (except for changes approved by Borrower’s independent public accountant) with the most recent financial statements of Borrower delivered to Lender.

“Governmental Authority” means any nation, country, commonwealth, territory, state, county, parish, municipality or any political subdivision, agency, department, commission, board or other instrumentality of any of the foregoing.

“Hazardous Materials” include all materials defined as hazardous materials or substances under any local, state or federal environmental laws, rules or regulations, and petroleum, petroleum products, oil and asbestos.

“KLS” means KLS Leasing II, LLC.

“Lease” means the Lease Agreement between KLS as Landlord and Borrower as Tenant for the School Premises.

“Loan Documents” means this Agreement, the Note, the Security Agreement, any applicable UCC-1 financing statements and motor vehicle lien entry forms, the Officer’s Certificate and all other documents, instruments, guarantees, security agreements, deeds of trust, pledge agreements, control agreements, certificates and agreements executed and/or delivered by Borrower and/or Lender in connection with any Loan, together with all renewals, extensions, modifications and amendments from time to time made of any such documents.

“Loans”: See Section 2.1.

“Material Adverse Effect” means (i) a material adverse effect upon the validity or enforceability of any of the Loan Documents, (ii) a material adverse change in, or a material

adverse effect upon, the condition (financial or otherwise), business, assets, prospects, or operations of Borrower, (iii) a material impairment of the ability of Borrower to fulfill its obligations under any of the Loan Documents, or (iv) a material impairment of the value of any collateral from time to time securing the Obligations or the ability of Lender to realize thereon.

“Maturity Date” means January 31, 2024.

“Maximum Rate” means the higher of the maximum interest rate allowed by applicable United States or Oklahoma law as amended from time to time and in effect on the date for which a determination of interest accrued hereunder is made.

“Note” means that certain promissory note made by Borrower payable to the order of Lender in the original principal sum of \$500,000.00, of even date with this Agreement, and all renewals, extensions, modifications and amendments thereto, and substitutions therefor.

“Obligations” means the obligations of Borrower:

(a) to pay all indebtedness arising out of this Agreement, any future advances under this Agreement, and all renewals, extensions or amendments of such indebtedness or any part thereof or any such future advances;

(b) to pay the principal of and interest on the Note in accordance with the terms thereof, and all renewals, extensions, modifications and amendments of such Note or any part thereof, and any future advances made pursuant thereto;

(c) to repay to Lender all amounts advanced by Lender hereunder or under the other Loan Documents on behalf of Borrower, including, without limitation, advances for principal or interest payments to prior secured parties, mortgagees, or lienors, or for taxes, levies, insurance, rent, repairs to or maintenance or storage of any of the collateral;

(d) to pay any and all other indebtedness of Borrower to Lender of every kind, nature and description, direct or indirect, primary or secondary, secured or unsecured (including overdrafts), joint or several, absolute or contingent, due or to become due, now existing or hereafter arising, regardless of how it may be evidenced, including without limitation all future advances, whether or not presently contemplated by the parties hereto;

(e) to the extent permitted by law, to pay a delinquency charge in an amount not to exceed four percent (4%) of any payment that is more than fifteen (15) days late;

(f) to perform fully all of the terms and provisions of each of the instruments constituting the Loan Documents; and

(i) to reimburse Lender, on demand, for all of Lender’s expenses and costs, which Borrower is obligated to pay pursuant to the terms of the Loan Documents.

“Officer's Certificate”: See Section 4.3.

“Permitted Liens” means (a) liens in favor of Lender, (b) liens for taxes, assessments or similar charges, incurred in the ordinary course of business which are not yet due and payable or which are being Contested in Good Faith, (c) liens of landlords, mechanics, materialmen, warehousemen, carriers, operators and other like liens which do not secure indebtedness incurred in the ordinary course of business which are not yet due and payable or which are being Contested in Good Faith, (d) minor defects and irregularities in title to any property, so long as such defects and irregularities neither secure indebtedness nor materially impair the value of such property or the use of such property for the purposes for which such property is held, (e) deposits of cash or securities to secure the performance of bids, trade contracts, leases, statutory obligations and other obligations of like nature (excluding appeal bonds) incurred in the ordinary course of business, and (f) purchase-money security interests upon or in assets acquired or held by Borrower in the ordinary course of business to secure the purchase price of such property or secure indebtedness incurred solely for the purpose of financing the acquisition of such property.

“Person” means a corporation, a limited liability company, an association, a partnership, a joint venture, an organization, a business, an individual or a government or political subdivision thereof or any governmental agency.

“Potential Default” means any condition, event or act, which with the giving of notice or the lapse of time, or both, will constitute an Event of Default hereunder.

“Principal Debt”: See Section 2.3.

“School Premises” means the property located at 12600 N. Kelley Avenue, Oklahoma City, Oklahoma 73131.

“Security Agreement”: See Section 3.1.

“Subsidiary” of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person.

1.2 **Terms Generally.** All other terms contained in this Agreement, unless the context indicates otherwise, have the same meanings as provided for by the Uniform Commercial Code as adopted in Oklahoma to the extent the same are used or defined therein. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), and (b) the words “herein”, “hereof” and

“hereunder” and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof.

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

1.4 **Counting Days**. If any time period referenced herein ends on a day other than a Business Day, such period shall be deemed to end on the next succeeding Business Day.

1.5 **Rounding**. Any financial ratio as required to be maintained by Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (rounding up if there is no nearest number).

SECTION 2. ***LINE OF CREDIT FACILITY***

2.1 **The Line of Credit Loans**.

A. Lender agrees, subject to the terms and conditions hereof, to lend Borrower at any time and from time to time on or before the Expiration Date sums (each herein called a “***Loan***” and collectively the “***Loans***”), which shall not exceed, in the aggregate, the Commitment. Each Loan is a term loan under which no sums repaid may be reborrowed.

B. Whenever Borrower desires to borrow hereunder, it shall give Lender at least five (5) Business Day’s written notice specifying (i) the date of the proposed borrowing, (ii) the amount to be borrowed, and (iii) a description of the purpose for which the proceeds of such Loan will be used. The request shall be made by means of a Borrowing Request in the form of Exhibit A attached hereto (the “***Borrowing Request***”). Notice may be given by facsimile transmission or e-mail, and a facsimile transmission or e-mail received by 3:00 p.m. of a Business Day which complies with the requirements of this Agreement for funding will be honored by Lender on the next Business Day.

C. Lender’s commitment to make Line of Credit Loans shall expire and terminate (i) automatically on the Expiration Date, and (ii) at Lender’s option after the occurrence and during the continuation of an Event of Default.

D. From the Closing Date through the Conversion Date, no interest shall accrue on the outstanding principal amount of the aggregate advances. Beginning on January 1, 2022 and continuing annually on each of January 1, 2023 and January 1, 2024, Borrower shall make interest payments on the Principal Debt then outstanding. The Principal Debt then outstanding, plus accrued but unpaid interest, shall be due in full on the Maturity Date.

2.2 **Use of Proceeds.** The proceeds of Loans may be used solely to fund working capital and for other lawful corporate purposes.

2.3 **Promissory Note.** The obligation of Borrower to repay the aggregate principal balance of all Loans hereunder outstanding at any one time (the “*Principal Debt*”) shall be evidenced by the Note which shall (a) be payable for the amount of \$500,000.00, or the Principal Debt then outstanding at the time payment in full is made or due, whichever is less, (b) bear interest from the date of each advance thereunder until paid at the Contract Rate, (c) be payable as to principal and interest as provided in Section 2.1(D) hereof, (d) be entitled to the benefits of this Agreement and the security provided for herein, and (e) be in such form as is acceptable to Lender.

2.4 **Prepayments.** Borrower may upon notice to Lender at any time or from time to time voluntarily prepay Loans in whole or in part without premium or penalty; provided that (i) such notice must be received by Lender not later than 11:00 A.M. Oklahoma City, Oklahoma time, on the date of the prepayment, and (ii) a maximum of one prepayment may be made each calendar year. Each such notice shall specify the date and amount of such prepayment.

SECTION 3. *COLLATERAL*

3.1 **Assets of Borrower.** The payment and performance of the Note and all of the other Obligations hereunder and under the Loan Documents shall be secured by a first and superior lien against all of the assets of Borrower pursuant to the terms of a security agreement (the “*Security Agreement*”), which shall be in form and substance satisfactory to Lender, together with a landlord subordination agreement signed by the landlord of each leased location of Borrower.

SECTION 4. *CONDITIONS PRECEDENT TO CLOSING*

The closing of the transactions contemplated by this Agreement shall take place on or before August 31, 2020, as the parties shall agree (the “*Closing Date*”). The obligations of Lender as set forth herein are subject to the satisfaction (in the opinion of Lender), unless waived in writing by Lender, of each of the following conditions. In the event that Borrower fails to satisfy any of the conditions precedent to the closing specified below and Lender nevertheless elects to close as an accommodation to Borrower (there being no obligation or agreement that Lender will do so), such condition(s) shall not be deemed waived and Borrower shall have thirty (30) days from the Closing Date to comply with such condition(s) to the satisfaction of Lender. Borrower’s failure to satisfy such condition(s) precedent to the satisfaction of Lender within such thirty (30) day period shall constitute an Event of Default hereunder.

4.1 **Effectiveness of Loan Documents.** Each of the Loan Documents shall be in full force and effect.

4.2 **Insurance Certificate.** Lender shall have received evidence that Borrower has obtained the policies of insurance specified and required by Section 6.4 hereof.

4.3 **Documentation and Proceedings.** Lender shall have received such evidence as Lender requires as to the existence, good standing, authority and capacity of Borrower, including a certificate (the “*Officer’s Certificate*”) having attached thereto resolutions of its board of directors authorizing its execution, delivery and performance of the Loan Documents to which it is a party.

4.4 **Title and Lien Searches.** Lender shall have received such Uniform Commercial Code searches and other lien searches as it shall deem necessary as proof of the ownership of Borrower's interest in the collateral described in Section 3 hereof and the first and prior security interest and lien to be held by Lender in such collateral pursuant to the Security Agreement.

4.5 **No Material Changes.** Lender shall have received satisfactory evidence that there is no suit, action, investigation or proceeding pending or threatened in any court or before any arbitrator or Governmental Authority to purports to affect materially and adversely Borrower.

4.6 **Lease.** Lender shall have received a copy of the executed Lease, which contains terms that are satisfactory to Lender in all respects.

4.7 **Agreement with KLS.** Lender shall have entered into an agreement with KLS regarding the School Premises concerning the rights of Lender in the event of termination of the Lease.

4.8 **Representations and Warranties** All representations and warranties contained herein or in the documents referred to herein or otherwise made in writing in connection herewith or therewith shall be true and correct with the same force and effect as though such representations and warranties have been made on and as of this date.

4.9 **Expenses.** Borrower shall have paid all reasonable expenses of Lender in connection with the preparation of the Loan Documents and the making of the Loan, including but not limited to, the fees and expenses of counsel for Lender.

SECTION 5. *CONDITIONS PRECEDENT TO LOANS*

The obligation of Lender to make Loans to Borrower is subject, at the time of the funding of each such Loan (the “*Funding Date*”), to the satisfaction (in the opinion of Lender), unless waived in writing by Lender, of each of the following conditions:

5.1 **Borrowing Request.** Borrower shall have delivered to Lender, within the time frame specified in Section 2.1 hereof, a Borrowing Request appropriately completed in compliance herewith.

5.2 **Availability of Commitment.** The then Principal Debt plus the amount of the requested Loan shall be equal to or less than the Commitment.

5.3 **Expenses.** Borrower shall have paid all reasonable expenses of Lender in connection with the making of the Loan.

5.4 **Representations and Warranties.** All representations and warranties contained herein and in the Loan Documents shall be true and correct in all material respects as though such representations and warranties have been made on and as of the Funding Date.

5.5 **No Default.** There shall exist no Event of Default or Potential Default hereunder.

5.6 **Change in Condition.** No change has occurred which has had or could reasonably be expected to have a Material Adverse Effect.

5.7 **Board of Directors.** Borrower shall have delivered to Lender a list of the current Board of Directors and senior management satisfactory to Lender in its sole discretion.

SECTION 6. *AFFIRMATIVE COVENANTS*

Until full payment and performance of all Obligations of Borrower under the Loan Documents and unless Lender consents otherwise in writing (and without limiting any requirement of any other Loan Document), Borrower shall:

6.1 **Financial Statements and Other Information.** Deliver to Lender:

A. **Annual Financial Statements.** Within 90 days of Borrower's fiscal year end, Borrower's annual financial statements, certified and dated by an authorized financial officer of Borrower and reviewed by a certified public accountant acceptable to Lender. As soon as available, Borrower will also provide Lender with a copy of its audited annual financial statements. The statements shall be prepared on a consolidated and consolidating basis.

B. **Monthly Financial Statements.** Within 30 days of the last day of each month, Borrower's monthly financial statements, certified and dated by an authorized financial officer of Borrower. These financial statements may be Borrower prepared.

C. **Management Letter.** Promptly, upon sending or receipt, copies of any management letters and correspondence relating to management letters, sent or received by Borrower to or from Borrower's auditor, or, if no management letter is prepared, a letter from such auditor stating that no deficiencies were noted that would otherwise be addressed in a management letter.

D. **Tax Returns.** Copies of Borrower's federal income tax return, within 30 days of filing, and, if requested by Lender, copies of any extensions of the filing date.

E. **Compliance Certificate.** Within the period(s) provided in Section 6.1(a) and (b), a Compliance Certificate of Borrower in the form of Exhibit B attached hereto signed by an authorized financial officer of Borrower setting forth (i) the information and computations (in sufficient detail) to establish that Borrower is in compliance with all financial covenants at the end of the period covered by the financial statements then being furnished and (ii) whether there existed as of the date of such financial statements and whether there exists as of the date of the certificate, any Event of Default under this

Agreement and, if any such Event of Default exists, specifying the nature thereof and the action Borrower is taking and proposes to take with respect thereto.

F. **Annual Budget**. Not later than 30 days prior to the end of each fiscal year, a copy of the Budget acceptable to Lender in its reasonable discretion.

G. **Enrollment**. Concurrently with the monthly financial statements, a copy of the student enrollment for the current month.

H. **Additional Information**. Such additional information, reports and statements with respect to the business operations and financial condition of Borrower as Lender may reasonably request from time to time.

6.2 **Adverse Conditions or Events**. Promptly advise Lender in writing of (i) any condition, event or act which comes to its attention that would or might materially adversely affect Borrower's financial condition or operations, the collateral from time to time securing the Loan, or Lender's rights under the Loan Documents, (ii) any litigation filed by or against Borrower, (iii) the occurrence of any Event of Default, or of any Potential Default, or the failure of Borrower to observe any of its undertakings hereunder or under any of the other Loan Documents, and (iv) any other event which has or could reasonably be expected to have a Material Adverse Effect.

6.3 **Taxes and Other Obligations**. Pay all of Borrower's taxes, assessments and other obligations, including, but not limited to taxes and assessments and lawful claims which, if unpaid, might by law become a lien against the assets of Borrower, as the same become due and payable, except to the extent the same are being Contested in Good Faith.

6.4 **Insurance**. Keep its properties of an insurable nature insured at all times against such risks and to the extent that like properties are customarily insured by other companies engaged in the same or similar businesses similarly situated, maintain insurance of the types and in the coverage amounts and with reasonable deductibles as are usual and customary. Borrower shall promptly give Lender notice of any cancellation, alteration or amendment of an insurance policy received by it from an insurer or from the operator. If requested by Lender, such insurance policies shall (1) provide that Lender shall receive prompt notice of any claims filed thereunder; and (2) provide that no adverse alteration or cancellation thereof shall be effective as against Lender until 10 days after written notice of such alteration or cancellation is given to Lender. Borrower shall deliver to Lender certificates of insurance coverage on the Closing Date and thereafter as and when requested by Lender.

6.5 **Compliance with Laws**. Comply with all applicable laws (including environmental laws), rules, regulations and orders of any Governmental Authority.

6.6 **Compliance with Material Agreements**. Comply in all respects with all existing and future agreements, indentures, mortgages, or documents which are binding upon it or affect any of its properties or business.

6.7 **Maintenance of Records**. Keep at all times books and records of account in accordance with GAAP in which full, true and correct entries will be made of all dealings or

transactions in relation to the business and affairs of Borrower, and Borrower will provide adequate protection against loss or damage to such books of record and account.

6.8 **Inspection of Books and Records.** Allow any representative of Lender to visit and inspect its properties, to examine its books of record and account and to discuss its affairs, finances and accounts with any of its officers, directors, employees and agents, all at such reasonable times and as often as Lender may request.

6.9 **Existence and Qualification.** Preserve and maintain its existence and good standing in Oklahoma and in each other jurisdiction in which qualification is required.

6.10 **Public Charter School.** Preserve and maintain its status as a public charter school under Oklahoma law for grades Pre-K through 12, pursuant to one or more charters issued by the Oklahoma State Board of Education and any other Governmental Authority.

6.11 **Board of Directors.** Cause the composition of the Board of Directors to at all times include one independent director recommended by Lender and acceptable to Borrower in its reasonable discretion.

6.12 **Further Assurances.** Make, execute or endorse, acknowledge and deliver or file or cause the same to be done, all such vouchers, invoices, notices, certifications and additional agreements, undertakings, conveyances, deeds of trust, mortgages, assignments, financing statements or other assurances, and take any and all such other action as Lender may from time to time deem necessary or appropriate in connection with this Agreement or any of the other Loan Documents (i) to cure any defects in the creation of the Loan Documents, or (ii) to evidence further or more fully describe, perfect or realize on the collateral intended as security, or (iii) to correct any omissions in the Loan Documents, or (iv) to state more fully the security for the Obligations, or (v) to perfect, protect or preserve any liens pursuant to any of the Loan Documents, or (vi) for better assuring and confirming unto Lender all or any part of the security for any of the Obligations.

SECTION 7. *NEGATIVE COVENANTS*

Until full payment and performance of all Obligations under the Loan Documents, Borrower shall not, without the prior written consent of Lender (and without limiting any requirement of any other Loan Documents):

7.1 **Negative Pledge.** Grant, suffer or permit any contractual or noncontractual lien on or security interest in its assets, except for Permitted Liens.

7.2 **Merger, Etc.** Enter into any merger or consolidation.

7.3 **Extensions of Credit.** Make any loan or advance to any individual, partnership, corporation or other entity without consent of Lender, except advances made to employees of Borrower for the payment by them of items for which an expense report or voucher will be filed and which items will constitute ordinary and necessary business expenses of Borrower.

7.4 **Borrowings.** Create, incur, assume or become liable in any manner for any indebtedness (for borrowed money, deferred payment for the purchase of assets, lease payments, as surety or guarantor for the debt for another, or otherwise) other than to Lender, except for (a) normal trade debts incurred in the ordinary course of Borrower's business; (b) existing indebtedness disclosed to Lender in writing and acknowledged by Lender prior to the date of this Agreement; and (c) leases of personal property which are not "capital leases" under generally accepted accounting principles and for which the lessor's remedy for a breach by the lessee thereunder is limited to recovery of the item leased.

7.5 **Transfer of Assets.** Convey, assign, transfer, sell, lease or otherwise dispose of, in one transaction or a series of transactions (or agree to do any of the foregoing at any future time), all or substantially all or a substantial part of its properties or assets (whether now owned or hereafter acquired) or any part of such properties or assets which are essential to the conduct of its business substantially as now conducted.

7.6 **Capital Expenditures.** Spend or incur obligations (including the total amount of any capital leases) for more than \$15,000.00 in any single fiscal year to acquire fixed assets.

7.7 **Principal Debt not to Exceed Commitment.** Permit at any time the Principal Debt to exceed the Commitment.

7.8 **Change in Management.** Permit Matt Wilson to cease being the Superintendent of Borrower, unless Borrower is able to retain a replacement for such position with similar qualifications and experience satisfactory to Lender.

7.9 **Change in Nature of Business.** Conduct any business other than, or make any material change in the nature of, its business as carried on as of the date hereof.

7.10 **Arm's Length Transactions.** Enter into a transaction with any affiliate, except a transaction upon terms that are not less favorable to it than would be obtained in a transaction negotiated at arm's length with an unrelated third party.

7.11 **Exceptions.** Take any action which is permitted by any covenant contained in this Agreement if such action is in breach of any other covenant contained in this Agreement or could be reasonably expected to cause a Material Adverse Effect to occur.

7.12 **Student Enrollment.** Allow student enrollment to drop below 150 students at any time.

7.13 **Budget.** Reallocate Loan funds from one Budget line item to another or otherwise amend the Budget, except that Borrower may reallocate amounts between line items without Lender's approval where the amount involved is less than \$5,000.00 and Borrower gives Lender notice of such reallocation; provided however, Borrower may reallocate costs from one line item to another line item provided the total Budget remains the same, and Borrower delivers to Lender notice of such reallocation.

7.14 **Material Agreements.** Enter into material agreements that have the effect of substantially changing the current operation and/or financial condition of Sovereign Community

School, including, without limitation, employment agreements, vendor agreements, real estate contracts and lease agreements.

SECTION 8. *[RESERVED]*

SECTION 9. *REPRESENTATIONS AND WARRANTIES*

Borrower hereby represents and warrants to Lender as follows:

9.1 **No Liens.** Borrower has good and defensible title to all of its assets, and none of such assets are subject to any security interest, deed of trust, mortgage, pledge, lien, title retention document or encumbrance of any character, except for Permitted Liens.

9.2 **Financial Statements.** The financial statements of Borrower heretofore delivered to Lender have been prepared in accordance with GAAP and fairly present Borrower's financial condition as of the date or dates thereof, and there have been no material adverse changes in Borrower's financial condition or operation since the date or dates thereof.

9.3 **Good Standing.** Borrower is a not for profit corporation, duly organized, validly existing and in good standing under the laws of Oklahoma and has the power and authority to own its property and to carry on its business in Oklahoma and in each other jurisdiction in which Borrower does business.

9.4 **Authority and Compliance.** Borrower has full power and authority to execute, deliver and perform the Loan Documents to which it is a party and to incur and perform the obligations provided for therein. No consent or approval of any Governmental Authority or other third party is required as a condition to the validity or performance of any Loan Document, and Borrower is in compliance with all laws and regulatory requirements to which it is subject.

9.5 **Binding Agreements.** This Agreement and the other Loan Documents executed by Borrower constitute valid and legally binding obligations of Borrower and such Loan Party, enforceable in accordance with their terms.

9.6 **Litigation.** There is no proceeding involving Borrower pending or, to the knowledge of Borrower, threatened before any court or Governmental Authority, agency or arbitration authority.

9.7 **No Conflicting Agreements.** There is no charter, bylaw, stock provision, partnership agreement or other document pertaining to the power or authority of Borrower and no provision of any existing agreement, mortgage, indenture or contract binding on Borrower or affecting any property of Borrower which would conflict with or in any way prevent the execution, delivery or carrying out of the terms of this Agreement and the other Loan Documents.

9.8 **Taxes.** All taxes and assessments due and payable by Borrower have been paid or are being Contested in Good Faith. Borrower has filed all tax returns which it is required to file.

9.9 **No Default.** No Event of Default or Potential Default has occurred and is continuing.

9.10 **Adverse Circumstances.** Neither the business nor any property of Borrower is presently affected by any fire, explosion, accident, strike, lockout, or other dispute, embargo, act of God, act of public enemy, or similar event or circumstance nor has any other event or circumstance relating to its business or affairs.

9.11 **Accuracy of Information.** To the best of Borrower's knowledge, all factual information furnished to Lender in connection with this Agreement and the other Loan Documents is and will be accurate and complete on the date as of which such information is delivered to Lender and is not and will not be incomplete by the omission of any material fact necessary to make such information not misleading.

9.12 **Environmental.** The conduct of Borrower's business operations and the condition of Borrower's property does not and will not violate any federal laws, rules or ordinances for environmental protection, or regulations of the Environmental Protection Agency, or any applicable local or state law, rule, regulation or rule of common law, or any judicial interpretation thereof relating primarily to the environment or Hazardous Materials.

9.13 **Subsidiaries.** Borrower has no subsidiaries.

9.14 **Continuation of Representations and Warranties.** All representations and warranties made under this Agreement shall be deemed to be made at and as of the date hereof and at and as of the date of any future Loan and in all instances shall be true and correct in all material respects.

SECTION 10. ***DEFAULT***

Any of the following shall constitute events of default (each an "***Event of Default***"):

10.1 **Nonpayment.** (a) Borrower shall default in the due and punctual payment of any principal or interest of the Note when due and payable, whether at maturity or otherwise, or (b) Borrower shall default in the due and punctual payment of any of the other Obligations when due and payable, whether at maturity or otherwise, and such default shall continue unremedied for a period of 30 days.

10.2 **Representations and Warranties.** Any representation, warranty or statement made by Borrower herein or otherwise in writing in connection herewith or in connection with any of the other Loan Documents and the agreements referred to herein or therein or in any financial statement, certificate or statement signed by any officer or employee of Borrower and furnished pursuant to any provision of the Loan Documents shall be breached, or shall be materially false, incorrect or incomplete when made.

10.3 **Enrollment.** Student enrollment drops below 150 students at any time.

10.4 **Default in Covenants Under Agreement.** Borrower shall default in the due performance or observance by Borrower of any term, covenant or agreement contained in this Agreement.

10.5 **Default in Other Loan Documents.** Borrower shall default in the due performance of or observance by it of any term, covenant or agreement on its part to be performed pursuant to the terms of any of the other Loan Documents and the default shall continue unremedied beyond any grace or cure period therein provided.

10.6 **Default in Other Debt.** An event of default shall occur under the provisions of any instrument (other than the Loan Documents) evidencing indebtedness of Borrower for the payment of borrowed money or of any agreement relating thereto, the effect of which is to permit the holder or holders of such instrument to cause the indebtedness evidenced by such instrument to become due and payable prior to its stated maturity (whether or not the holder actually exercises such option).

10.7 **Termination of Lease.** The Lease is terminated for any reason.

10.8 **Validity of Loan Documents.** Any of the Loan Documents shall cease to be a legal, valid and binding agreement enforceable against any party executing the same in accordance with the respective terms thereof, or shall in any way be terminated, or become or be declared ineffective or inoperative, or shall in any way whatsoever cease to give or provide the respective rights, remedies, powers and privileges intended to be created thereby.

10.9 **Bankruptcy.** Borrower shall suspend or discontinue its business operations, or shall generally fail to pay its debts as they mature, or shall file a petition commencing a voluntary case concerning Borrower under any chapter of the United States Bankruptcy Code; or any involuntary case shall be commenced against Borrower under the United States Bankruptcy Code; or Borrower shall become insolvent (howsoever such insolvency may be evidenced).

10.10 **Judgments and Decrees.** Borrower shall suffer a final judgment for the payment of money and shall not discharge the same within a period of 30 days unless, pending further proceedings, execution has not been commenced, or, if commenced, has been effectively stayed. Any order, judgment or decree shall be entered in any proceeding against Borrower decreeing the dissolution or split up of such entity and such order shall remain undischarged or unstayed for a period in excess of 60 days.

SECTION 11. ***REMEDIES***

Upon the occurrence of a Bankruptcy Event of Default, the entire principal of and accrued interest on the Note shall forthwith be due and payable without demand, presentment for payment, notice of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices and further actions of any kind, all of which are hereby expressly waived by Borrower. In the event that any other Event of Default shall occur and be continuing, Lender may, without demand or notice of its election, terminate its obligation to

make further Loans hereunder and/or declare the entire unpaid balance of the Note and all other indebtedness of Borrower to Lender, or any part thereof, immediately due and payable, whereupon the principal of and accrued interest on such Note and other indebtedness shall be forthwith due and payable without demand, presentment for payment, notice of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices and further actions of any kind, all of which are hereby expressly waived by Borrower. Upon the occurrence and during the continuance of any Event of Default, Lender may (a) exercise any and all rights under or pursuant to any of the Loan Documents, and (b) exercise any and all rights afforded to Lender by the laws of the State of Oklahoma or any other applicable jurisdiction or in equity or otherwise, as Lender may deem appropriate.

SECTION 12. *EXPENSES AND INDEMNITY*

12.1 **Payment of Expenses.** Borrower shall promptly (and in any event, within 30 days after any invoice or other statement or notice) pay to Lender immediately upon demand the full amount of all costs and expenses (including without limitation attorneys' fees, consultants' fees, engineering fees, travel costs and miscellaneous expenses) incurred by Lender in connection with (a) negotiation, preparation, execution and delivery of this Agreement and each of the Loan Documents, and (b) any modifications of or consents or waivers under or amendments to or interpretations of this Agreement, the Note, or the other Loan Documents, and (c) all transfer, stamp, mortgage, documentary or other similar taxes, assessments or other charges levied by any Governmental Authority or revenue authority in respect of this Agreement or any of the other Loan Documents, and (d) the filing, recording, refile and rerecording of any Loan Documents and any other documents or instruments or further assurances required to be filed or recorded or refiled or rerecorded by the terms of any Loan Document, and (e) the cost of monitoring or confirming compliance with any covenants or conditions contained in this Agreement or any of the other Loan Documents. Borrower further agrees to pay on demand all costs and expenses of Lender, if any (including without limitation reasonable attorneys' fees and expenses and the cost of internal counsel), in connection with the enforcement (whether through negotiations, arbitration proceedings, legal proceedings or otherwise) of the Loan Documents.

12.2 **Indemnity.** Borrower further agrees to indemnify Lender and its employees and agents, from and hold them harmless against any and all losses, liabilities, claims, damages or expenses which any of them suffers or incurs as a result of Lender's entering into this Agreement and the Loan Documents, or the consummation of the transactions contemplated by this Agreement and the Loan Documents, or the use or contemplated use of the proceeds of the Loan, or due to a release or alleged release of Hazardous Materials, including, without limitation, the fees and disbursements of counsel incurred in connection with any litigation, arbitration or other proceeding arising out of or by reason of any of the aforesaid. IT IS THE INTENTION OF THE PARTIES THAT THE FOREGOING INDEMNITIES SHALL APPLY TO LOSSES, LIABILITIES, CLAIMS, DAMAGES OR EXPENSES WHICH IN WHOLE OR IN PART ARE CAUSED BY OR ARISE OUT OF THE NEGLIGENCE OF AN INDEMNIFIED PARTY. No such indemnified party, however, shall be entitled to be indemnified for its or his own gross negligence or willful misconduct. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section applies, such indemnities shall be effective whether or not such investigation, litigation or proceeding is brought by Borrower, its directors,

shareholders, managers, members or creditors, or by an indemnified party and whether or not the transactions hereby are consummated. Borrower shall defend any claim for which an indemnified party is entitled to seek indemnity pursuant to the preceding sentence, and the indemnified party shall cooperate with the defense. The indemnified party may have separate counsel, and Borrower will pay the expenses and reasonable fees of such separate counsel if either counsel for Borrower or counsel for the indemnified party shall advise the indemnified party that the interests of both Borrower and the indemnified party with respect to such claim are or with reasonable certainty will become adverse. The agreements and obligations of Borrower contained in this Section shall survive payment in full of the Obligations.

SECTION 13. *MISCELLANEOUS*

Borrower and Lender further covenant and agree as follows, without limiting any requirement of any other Loan Document:

13.1 **Notices.** Except as otherwise expressly provided herein, all notices, requests or demands which any party is required or may desire to give to any other party under any provision of this Agreement must be in writing (including telegraphic, telex and facsimile transmission) delivered to the other party at the addresses set forth below or to such other address as any party may designate by written notice to the other party. Each such notice, request and demand shall be deemed given or made (whether actually received or not) (a) if sent by mail, upon deposit in the U.S. Mail, first class postage prepaid, and (b) if sent by any other means, upon delivery.

Borrower:

Sovereign Community School Foundation
12600 N. Kelley Avenue
Oklahoma City, OK 73131
Attn: _____
Email: _____
Phone: _____

Lender:

SFS Development, Inc.
4825 S. Shields Boulevard
Oklahoma City, OK 73129
Attn: _____
Email: _____
Phone: _____

13.2 **Cumulative Rights and No Waiver.** Each and every right granted to Lender under any Loan Document, or allowed it by law or equity shall be cumulative of each other and may be exercised in addition to any and all other rights of Lender, and no delay in exercising any

right shall operate as a waiver thereof, nor shall any single or partial exercise by Lender of any right preclude any other or future exercise thereof or the exercise of any other right. Borrower expressly waives any presentment, demand, protest or other notice of any kind, including but not limited to notice of intent to accelerate and notice of acceleration. No notice to or demand on Borrower in any case shall, of itself, entitle Borrower to any other or future notice or demand in similar or other circumstances.

13.3 **Choice of Law and Venue.**

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF OKLAHOMA APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE; PROVIDED THAT LENDER SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF OKLAHOMA SITTING IN OKLAHOMA CITY, OKLAHOMA OR, TO THE FULLEST EXTENT PERMITTED BY LAW, IN THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF OKLAHOMA, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF BORROWER AND LENDER CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF BORROWER AND LENDER IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF *FORUM NON CONVENIENS*, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF ANY LOAN DOCUMENT OR OTHER DOCUMENT RELATED THERETO. EACH OF BORROWER AND LENDER IRREVOCABLY CONSENTS TO SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF OKLAHOMA.

13.4 **Amendment and Assignment.** No modification, consent, amendment or waiver of any provision of this Agreement, nor consent to any departure by Borrower therefrom, shall be effective unless the same shall be in writing and signed by an officer of Lender, and then shall be effective only in the specified instance and for the purpose for which given. This Agreement is binding upon Borrower, its successors and assigns, and inures to the benefit of Lender, its successors and assigns. However, no assignment or other transfer of Borrower's rights or obligations hereunder shall be made or be effective without Lender's prior written consent, nor shall it relieve Borrower of any obligations hereunder. There is no third party beneficiary of this Agreement. Lender may assign this Agreement and the other Loan Documents without consent of Borrower, and such assignment shall not relieve Borrower from its obligations under the Loan Documents.

13.5 **Authorization to File Financing Statements.** Lender is authorized to complete and file financing statements in any state to perfect the security interests granted by any of the Loan Documents.

13.6 **Partial Invalidity.** The unenforceability or invalidity of any provision of this Agreement shall not affect the enforceability or validity of any other provision herein and the invalidity or unenforceability of any provision of any Loan Document to any Person or circumstance shall not affect the enforceability or validity of such provision as it may apply to other Persons or circumstances.

13.7 **Survivability.** All covenants, agreements, representations and warranties made herein or in the other Loan Documents shall survive the making of the initial Loan and shall continue in full force and effect so long as the Obligations are outstanding or the Commitment has not expired.

13.8 **Waiver Fee.** If Lender, at its discretion, agrees to waive or amend any terms of this Agreement, Borrower will, at Lender's option, pay Lender a fee for each waiver or amendment in an amount advised by Lender at the time Borrower requests the waiver or amendment. Nothing in this Section shall imply that Lender is obligated to agree to any waiver or amendment requested by Borrower. Lender may impose additional requirements as a condition to any waiver or amendment.

13.9 **Environmental.** Borrower will comply in all material respects with all environmental, health, and safety laws and regulations applicable to it. Borrower shall immediately notify Lender of any remedial action taken by Borrower under environmental laws with respect to Borrower's business operations. Borrower will not use or permit any other party to use any Hazardous Materials at any of Borrower's places of business or at any other property owned by Borrower except such materials as are incidental to Borrower's normal course of business, maintenance and repairs and which are handled in compliance with all applicable environmental laws. Borrower agrees to permit Lender, its agents, contractors and employees to enter and inspect any of Borrower's places of business or any other property of Borrower at any reasonable times upon 3 days prior notice for the purposes of conducting an environmental investigation and audit (including taking physical samples) to insure that Borrower is complying with this covenant and Borrower shall reimburse Lender on demand for the costs of any such environmental investigation and audit. Borrower shall provide Lender, its agents, contractors, employees and representatives with access to and copies of any and all data and documents relating to or dealing with any Hazardous Materials used, generated, manufactured, stored or disposed of by Borrower's business operations within five (5) days of the request therefor.

13.10 **Communications via Internet.** Borrower hereby authorizes Lender and its counsel to communicate and transfer documents and other information (including without limitation, confidential information) concerning this transaction or Borrower or the business affairs of Borrower by unencrypted e-mail sent over the Internet without regard to the lack of security of such communications.

13.11 **Agreement Controlling.** In the event of a conflict between the terms and provisions of this Agreement and the terms and provisions of any of the other Loan Documents, the terms and provisions of this Agreement shall control.

13.12 **Setoff.** In addition to, and without limitation of, any rights of Lender under applicable law, if any Event of Default occurs, then any and all deposits (including all account balances, whether provisional or final and whether or not collected or available) and any other indebtedness at any time held or owing by Lender or any affiliate of Lender to or for the credit or account of Borrower may be offset and applied toward the payment of the Obligations, whether or not the Obligations, or any part thereof, shall then be due.

13.13 **Joint Preparation; Construction of Indemnities and Releases.** This Agreement and the other Loan Documents have been reviewed and negotiated by sophisticated parties with access to legal counsel and no rule of construction shall apply hereto or thereto which would require or allow any Loan Documents to be construed against any party because of its role in drafting such Loan Document. All indemnification and release provisions of this Agreement shall be construed broadly (and not narrowly) in favor of the Persons receiving indemnification or being released.

13.14 **Form and Number of Documents.** Each agreement, document, instrument, or other writing to be furnished to Lender under any provision of this Agreement must be in form and substance and in such number of counterparts as may be satisfactory to Lender and its counsel.

13.15 **Multiple Counterparts.** This Agreement has been executed in a number of identical counterparts, each of which constitutes an original and all of which constitute, collectively, one agreement; but in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

13.16 **Lender's Consent or Approval.** Except where otherwise expressly provided in the Loan Documents, in any instance where the approval, consent or the exercise of judgment of Lender is required, the granting or denial of such approval or consent and the exercise of such judgment shall be (a) within the sole discretion of Lender, and (b) deemed to have been given only by a specific writing intended for the purpose and executed by Lender. Each provision for consent, approval, inspection, review, or verification by Lender is for Lender's own purposes and benefit only.

13.17 **Waiver of Right to Trial by Jury.** EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY

TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

SECTION 14. *NOTICE OF FINAL AGREEMENT*

THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

BORROWER:

SOVEREIGN COMMUNITY SCHOOL
FOUNDATION,
an Oklahoma not for profit corporation

By: _____

Name: _____

Title: _____

LENDER:

SFS DEVELOPMENT, INC.,
an Oklahoma not for profit corporation

By: _____

Name: _____

Title: _____

LIST OF EXHIBITS

A.....Borrowing Request§ 2.1
B.....Compliance Certificate§ 6.1

EXHIBIT A
BORROWING REQUEST

Reference is made to that certain Loan Agreement between SFS Development, Inc. and Sovereign Community School Foundation dated as of [____], 2020 (together with all amendments and modifications, if any, from time to time made thereto, the “*Loan Agreement*”). The terms used herein shall have the same meanings as provided therefor in the Loan Agreement unless the context hereof otherwise requires or provides.

A. **GENERAL.**

1. Date of proposed Loan _____
2. Amount Requested. _____
3. Description of use of proceeds of Loan: _____

4. Borrower hereby certifies that all conditions precedent specified by the Loan Agreement for this Loan have been complied with in all respects.

B. **AVAILABILITY.**

1. Enter: Amount of Commitment _____
2. Enter: Principal Debt outstanding as of this date. _____
3. Excess (deficit) available for Loans (subtract line B2 from line B1). _____

Borrower hereby certifies that on the date hereof the representations and warranties contained the Loan Agreement are true in all material respects as if made on the date hereof, and no Event of Default or Potential Default exists.

Dated _____, 202__.

[Signature Page Follows.]

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of _____, 202_.

By: _____
Name: _____
Title: _____

EXHIBIT B

COMPLIANCE CERTIFICATE

TO: SFS DEVELOPMENT, INC.

Reference is made to that certain Loan Agreement between SFS Development, Inc. and Sovereign Community School Foundation dated as of [____], 2020 (together with all amendments and modifications, if any, from time to time made thereto, the "*Loan Agreement*"). The terms used herein shall have the same meanings as provided therefor in the Loan Agreement, unless the context hereof otherwise requires or provides.

The undersigned HEREBY CERTIFIES that he/she is the duly elected and qualified officer of Sovereign Community Schools holding the office set forth opposite his signature below, AND DOES FURTHER CERTIFY, individually and on behalf of Borrower, that:

1. A review of the activities of Borrower during the preceding fiscal quarter has been made under his/her supervision with a view to determining whether, during such fiscal quarter Borrower has kept, observed, performed and fulfilled all of its obligations under the Loan Documents, and that to the best of his/her knowledge Borrower has kept, observed, performed and fulfilled all of such obligations, except as disclosed to Lender in writing.

2. The representations and warranties of Borrower contained in Section 9 of the Loan Agreement are true and correct on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date.

[Signature Page Follows.]

IN WITNESS WHEREOF, the undersigned has executed this Certificate on _____,
202_.

Name: _____
Title: _____