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Preparer: David B. Ringelstein II
Balch & Bingham, LLP
205-227-8782

FINANCING AND LOAN AGREEMENT

Dated as of August 1, 2016

Delivered: August 26, 2016

By and among

CRAWFORD EDUCATION FACILITIES CORPORATION
as Issuer

and

SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC.
as Borrower

and

REGIONS BANK
as Lender

This Financing and Loan Agreement was prepared by David B. Ringelstein II, Esq. of Balch & Bingham, LLP, 1901 Sixth Avenue North, Suite 1500, Birmingham, Alabama 35203-4642

FINANCING AND LOAN AGREEMENT

This **FINANCING AND LOAN AGREEMENT** dated as of August 1, 2016 is made and entered into by the **CRAWFORD EDUCATION FACILITIES CORPORATION**, a non-member, non-stock, public educational facilities finance corporation of Crawford, Texas organized under the laws of the State of Texas (the "Issuer"), and **REGIONS BANK**, an Alabama corporation, as lender (the "Lender") and **SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC.**, a nonprofit corporation under the laws of the State of Texas, (the "Borrower").

Recitals

Upon request of Borrower to the Issuer and pursuant to and for the purposes of financing educational facilities as authorized in Chapter 53 of the Texas Education Code (the "Enabling Law") the Issuer, the Lender and the Borrower have duly authorized, executed and delivered this Financing and Loan Agreement and the Issuer has duly authorized the execution and delivery of a \$1,745,000 maximum principal amount Special Project Revenue Note (South Texas Educational Technologies, Inc. project) dated the date of delivery (the "Obligation") in order to refinance the outstanding principal of that certain San Juan Higher Education Finance Authority Revenue Bonds (Horizon Montessori Schools Project), Series 2011, issued in the original principal amount of \$2,500,000 and currently outstanding in the principal amount of \$1,745,000 (the "Series 2011 Bond"), original incurred to finance the property and interests in property more particularly described herein as the Project (the "Project") for the benefit and use of Borrower.

Upon the issuance of the Obligation, the Lender will advance the principal proceeds thereof for the account of the Issuer which advance shall, pursuant hereto, constitute an identical and contemporaneous loan by the Issuer to the Borrower under this Financing and Loan Agreement of the principal amount of the Obligation, and the Borrower will agree to pay such amounts at such times to the Lender for the account of the Issuer as shall be sufficient to pay when due the principal of, premium (if any) and interest on the Obligation.

The Obligation shall be a limited and nonrecourse obligation of the Issuer payable solely from payments to be made by the Borrower pursuant to this Financing and Loan Agreement.

All things necessary to make the Obligation, when executed by the Issuer and delivered to the Lender, the valid obligation of the Issuer, and to make this Financing and Loan Agreement a valid agreement of the parties hereto, have been done and performed in due time, form and manner as required by law.

Separate and apart from the Obligation, the Lender will also provide a taxable credit facility (the "Taxable Loan") to Borrower to finance the costs of issuance and the accrued interest on the Series 2011 Bond.

Agreement

NOW THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, the Issuer, the Borrower and the Lender hereby covenant and agree as follows:

ARTICLE I

Definitions

For all purposes of this Financing and Loan Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(1) The terms defined in this Article have the meanings assigned to them in this Article. Singular terms shall include the plural as well as the singular, and vice versa. Any pronoun shall include both singular and plural and cover all genders.

(2) All references in this instrument to designated "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(3) The terms "herein", "hereof" and "hereunder" and other words of similar import refer to this Financing and Loan Agreement as a whole and not to any particular Article, Section or other subdivision.

(4) The term "person" shall include any individual, corporation, partnership, joint venture, association, trust, unincorporated organization and any government or any agency or political subdivision thereof.

Act of Insolvency shall mean, with respect to any person, the appointment of a receiver, liquidator or trustee of such person or any of its Property or assets; or a general assignment by such person for the benefit of the creditors thereof; or the commencement of proceedings by or against such person under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law or any jurisdiction, now or hereafter in effect.

Administrative Expense Payments shall mean the amounts payable pursuant to Section 8.03.

Advances shall mean the advances by the Lender to the Borrower pursuant to Section 6.03.

Affiliate of any specified person shall mean any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

Aggregate Advances shall mean the total principal amount of the Advances made during the term of the Obligation.

Authorized Borrower Representative shall mean Alim Ansari, or any officer of the Borrower or any agent of the Borrower authorized by the Borrower to act as "Authorized Borrower Representative" for purposes of this Financing and Loan Agreement.

Borrower shall refer to South Texas Educational Technologies, Inc., and its successors.

Business Day shall mean any day other than a Saturday, a Sunday or other day on which commercial banks in Dallas, Texas, are authorized or required by law to close.

Code shall mean the Internal Revenue Code of 1986, as amended.

City shall mean the City of Crawford, Texas.

County shall mean McLennan County, Texas

Debt Service shall mean the principal of, premium (if any) and interest payable on the Obligation.

Development Budget shall mean the budget for the Project.

Enabling Law shall mean Chapter 53 of the Texas Education Code

Event of Default shall have the meaning stated in Section 11.01.

Financing and Loan Agreement shall mean this instrument as originally executed or as it may from time to time be supplemented, modified or amended by one or more instruments supplemental hereto entered into pursuant to the applicable provisions hereof.

Financing Documents shall mean collectively the following documents as at any time amended, restated or supplemented:

- (i) this Financing and Loan Agreement,
- (ii) the Obligation,
- (iii) the MTI Note,
- (iv) the Guaranty,
- (v) the Tax Certificate and Agreement,
- (vi) the Mortgage; and
- (vii) the Master Trust Indenture.

Financing Payments shall mean the payments to be made by the Borrower pursuant to Section 8.02.

Governmental Authority shall mean any federal, state, county, municipal, or other government, domestic or foreign, and any agency, authority, department, commission, bureau, board, court or other instrumentality thereof.

Guaranty shall mean the Guaranty Agreement of even date herewith from the Borrower to the Lender.

Indebtedness shall mean all indebtedness of the Borrower at any time outstanding under or secured by this Financing and Loan Agreement, including without limitation (i) all Debt Service, (ii) all Financing Payments, and (iii) all reasonable and proper fees, charges and disbursements of the Lender and Issuer for services performed and disbursements made under this Financing and Loan Agreement (including without limitation Section 8.05 and 11.04).

Independent, when used with respect to any person, shall mean a person who (i) is in fact independent, (ii) does not have any direct financial interest or any material indirect financial interest in the Borrower or the Issuer, or in any Affiliate of the Borrower or the Issuer, and (iii) is not connected with the Borrower or the Issuer as an officer, attorney, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

Issuer shall mean the Crawford Education Facilities Corporation, and its successors and assigns.

Lender shall mean Regions Bank and its successors and assigns.

Master Trust Indenture refers to that certain Amended and Restated Master Trust Indenture dated as of August 26, 2016, entered into between Borrower and Regions Bank, as trustee, amending and restating that certain Master Trust Indenture and Security Agreement dated as of December 22, 2011, between Borrower and Wells Fargo Bank, N.A., as original master trustee.

Material Change shall mean any change the cost of which, when added to all other changes, would change the cost of the Project by \$25,000 or more.

Mortgage shall mean that certain Deed of Trust, Assignment of Leases, Security Agreement and Fixture Filing of even date executed by Borrower in favor of Lender.

MTI Note refers to that certain Promissory Note, Series 2016-A, dated August 26, 2016, executed by Borrower in favor of Regions Bank, as trustee, pursuant to the Master Trust Indenture.

Obligation shall collectively mean the Special Project Revenue Note in the maximum principal amount of \$1,745,000 of the Issuer executed and delivered pursuant to this Financing and Loan Agreement.

Obligation Payment Date shall mean each date on which Debt Service is payable on the Obligation, including without limitation stated maturity and due dates, any date fixed for prepayment (in whole or in part) of the Obligation, and acceleration of the Obligation.

Pledged Estate shall have the meaning assigned therefor in Article III.

Prime Rate shall mean the rate of interest designated from time to time by Regions Bank as its commercial prime interest rate, with the understanding that the prime interest rate of Regions Bank is an interest rate established from time to time for lending purposes after taking into account such factors as Regions Bank may in its sole discretion from time to time deem appropriate and is not necessarily the best or lowest rate offered by Regions Bank.

Project shall mean the Property refinanced by the proceeds of the Obligation, as described on Exhibit B, and generally known as the refinancing of indebtedness previously incurred to finance educational facilities located at 320 North Main Street, McAllen, Texas, and 1223 W. Sugarcane Drive, Weslaco, Texas.

Project Costs shall mean all costs of the Project, and the acquisition, construction, and installation of the Project, including without limitation:

(a) the cost of the acquisition of land or a right-of-way, option to purchase land, easement, leasehold estate in land, or other interest in land related to the Project;

(b) the cost of acquisition, construction, repair, renovation, remodeling, or improvement of a building or structure to be used as or in conjunction with the Project;

(c) the cost of site preparation, including the cost of demolishing or removing a building or structure the removal of which is necessary or incident to providing the Project;

(d) the cost of architectural, engineering, legal, and related services; the cost of the preparation of a plan, specification, study, survey, or estimate of cost and revenue; and other expenses necessary or incident to planning, providing, or determining the feasibility and practicability of the Project;

(e) the cost of machinery, equipment, furnishings, and facilities necessary or incident to the equipping of the Project so that it may be placed in operation;

(f) the cost of finance charges, interest, marketing, and start-up of the Project before and during construction and for not more than two years after completion of construction;

(g) costs paid or incurred in connection with the financing of the Project, including out-of-pocket expenses; bond insurance; a letter of credit, standby bond purchase agreement, or liquidity facility; financing, legal, accounting, financial advisory, and appraisal fees; expenses and disbursements; a policy of title insurance; printing, engraving, and reproduction services; and the initial or acceptance fee of a trustee, paying agent, remarketing agent, tender agent, or indexing agent; and

(h) direct and indirect costs of the Issuer incurred in connection with providing the Project, including reasonable sums to reimburse the Issuer for time spent by its agents or employees in providing and financing the Project.

Property shall mean any and all rights, titles and interests in and to any and all property whether real or personal, tangible or intangible, and wherever situated.

State shall mean the State of Texas.

Tax Certificate and Agreement shall mean that certain Tax Certificate and Agreement by the Issuer and the Borrower delivered in connection with the Obligation.

Taxable shall mean that, for purposes of federal income taxation, the interest accrued on the Obligation is includable in gross income.

Term shall mean the term of this Financing and Loan Agreement as set forth in Section 8.01 of this Financing and Loan Agreement.

Warranty Provider shall mean any person who provides a warranty (express or implied) with respect to any part of the Project.

ARTICLE II

Representations

SECTION 2.01 Representations by the Issuer

The Issuer makes the following representations and warranties:

(a) The Issuer is duly organized and validly existing under the Enabling Law; has legal authority and power to enter into and perform this Financing and Loan Agreement; by proper corporate action has duly authorized, executed and delivered this Financing and Loan Agreement; and is not in default under its documents of organization or the laws of the State.

(b) The Issuer, upon evidence duly presented to and considered by it, including without limitation, information, materials and representations provided to the Issuer by the Borrower, has made such findings and determinations as it has deemed necessary under the Enabling Law with respect to the Project and the Borrower for the purposes of approving the transaction described in this Financing and Loan Agreement and the issuance of the Obligation pursuant hereto in furtherance thereof.

(c) No member of the Issuer is an officer or member of the Board of Directors of the Borrower.

SECTION 2.02 Representations by the Borrower

The Borrower makes the following representations and warranties:

(1) The Borrower is duly organized as a nonprofit corporation under the laws of the State and is not in default under any of the provisions contained in its articles of incorporation or bylaws or in the laws of the State.

(2) The Borrower has the power to consummate the transactions contemplated by this Financing and Loan Agreement.

(3) By proper corporate action the Borrower has duly authorized the execution and delivery of this Financing and Loan Agreement and the consummation of the transactions contemplated herein.

(4) The Borrower has obtained all consents, approvals, authorizations and orders of each Governmental Authority that are required to be obtained by it as a condition to the execution and delivery of this Financing and Loan Agreement and the Mortgage.

(5) The execution and delivery by it of this Financing and Loan Agreement and the consummation by it of the transactions contemplated herein will not (i) conflict with, be in violation of, or

result in a default under its articles of incorporation or bylaws, or any agreement, instrument, order or judgment to which it is a party or is subject or (ii) result in or require the creation or imposition of any lien of any nature with respect to the Project or the Pledged Estate, except as contemplated by this Financing and Loan Agreement and the Mortgage.

(6) The Borrower has not created or permitted the creation of any mortgage, pledge, encumbrance, security interest, assignment or other charge of any kind with respect to the Pledged Estate, except as effected or contemplated by this Financing and Loan Agreement and the Mortgage.

(7) There are no actions, suits or proceedings (whether or not purportedly on behalf of the Borrower) pending or, to the best knowledge of the Borrower, threatened against or affecting the Borrower, at law or in equity or by or before any Governmental Authority, which involve any of the transactions contemplated in this Financing and Loan Agreement or the possibility of any judgment or liability that may result in any material adverse change in (i) the business, operations, properties or assets or in the condition, financial or otherwise, of the Borrower, or (ii) the validity or enforceability of any of the Financing Documents, or (iii) the status of the Borrower as a "501(c)(3) organization," as that term is defined in Section 150(a)(4) of the Code.

(8) The Borrower intends to operate the Project during the term of this Financing and Loan Agreement to provide educational services to school age children in greater Austin, Texas, and the surrounding areas.

(9) The primary purpose of the Project is to provide educational programs, thereby providing essential services for the health, safety and general welfare of such children and the people of the State.

SECTION 2.03 Representations by the Lender

The Lender makes the following representations and warranties:

(1) The Lender is duly organized as a corporation under the laws of the State of Alabama, is in good standing and is authorized to conduct business in the State, and is not in default under any of the provisions contained in its articles of incorporation or bylaws or in the laws of the State of Alabama.

(2) The Lender has duly authorized the execution and delivery of this Financing and Loan Agreement and the consummation of the transactions contemplated herein.

(3) There is no action, suit, proceeding, inquiry or investigation pending before any Governmental Authority, or threatened against or affecting it or its properties, that involves (i) the consummation of the transactions contemplated by, or the validity or enforceability of, this Financing and Loan Agreement, (ii) its organization, (iii) the election or qualification of its directors or officers, or (iv) its powers.

ARTICLE III

Granting Clauses

To secure the payment of Debt Service on the Obligation and all other Indebtedness and the performance of the covenants contained herein and in the Obligation, and to declare the terms and conditions on which the Obligation is secured, and in consideration of the premises and of the purchase of the Obligation by the Lender, the Issuer by these presents does grant, bargain, sell, alien, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm unto the Lender, and grant to the Lender security title to and a continuing security interest in, all and singular, the following described property and all proceeds and products thereof (collectively the "Pledged Estate"):

I.

All Financing Payments to be made by the Borrower for the account of the Issuer pursuant to this Financing and Loan Agreement.

II.

All right, title and interest of the Issuer in and to this Financing and Loan Agreement (except for any right to indemnification and reimbursement of expenses and right to consent granted to the Issuer pursuant to this Financing and Loan Agreement), together with all powers, privileges, options and other benefits of the Issuer contained in this Financing and Loan Agreement; provided, however, that nothing contained in this clause shall impair, diminish or otherwise affect the Issuer's obligations under this Financing and Loan Agreement or, except as otherwise provided in this Financing and Loan Agreement, impose any such obligations on the Lender.

III.

Any and all property of every kind or description which may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien of this Financing and Loan Agreement as additional security by the Issuer or anyone on its part or with its written consent, or which pursuant to any of the provisions hereof may come into the possession or control of the Lender or a receiver appointed pursuant to this Financing and Loan Agreement; and the Lender is hereby authorized to receive any and all such property as and for additional security for the Obligation and to hold and apply all such property subject to the terms hereof.

ARTICLE IV

Limited Liability of Issuer

SECTION 4.01 Source of Payment of Obligation; Disclaimer of General Liability

The Debt Service on the Obligation, and any other payments required by this Financing and Loan Agreement, shall be payable solely out of the Financing Payments and shall be secured solely by the Pledged Estate and the Mortgage. The covenants and agreements contained herein and in the Obligation do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the general faith or credit of the Issuer, and in the event of a breach of any such covenant or agreement, no personal or pecuniary liability or charge payable directly or indirectly from the general assets or revenues of the Issuer (other than the Pledged Estate) shall arise therefrom. The Issuer has no taxing power or other assets. Nothing contained in this Section, however, shall relieve the Issuer from the observance and performance of the covenants and agreements on its part contained herein or in the Obligation.

SECTION 4.02 Officers, Directors, of Issuer and City and County Exempt from Individual Liability

No recourse under or upon any covenant or agreement of this Financing and Loan Agreement shall be had against any past, present or future incorporator, officer, employee, counsel or member of the governing body of the Issuer, or of either of the City or County, or of any successor, either directly or through the Issuer, or either of the City or County, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Financing and Loan Agreement is solely a corporate obligation, and that no personal liability whatever shall attach to, or is or shall be incurred by, any past, present or future incorporator, officer, employee, counsel or member of the governing body of the Issuer or either of the City or County, or any successor, or any of them, under or by reason of the covenants or agreements contained in this Financing and Loan Agreement. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such past, future or present incorporator, member, director, officer, employee or counsel is hereby expressly waived irrevocably and unconditionally released by the Lender and the Borrower as a condition of and in consideration for the execution of this Financing and Loan

Agreement. The provisions of this Section shall survive any expiration or termination of this Financing and Loan Agreement and shall continue to be enforceable notwithstanding any such expiration or termination.

SECTION 4.03 No Liability of the City of Crawford, Texas, McLennan County, Texas

The Lender agrees that the Debt Service and other payments required to be made pursuant to this Financing and Loan Agreement are obligations only of the Issuer and in no event shall they constitute an indebtedness for which the faith and credit of the City, or the County, nor any of their respective revenues are pledged. Notwithstanding any other provision herein or in any other document, this Financing and Loan Agreement is not issued by the City; and neither the City nor the County is a party hereto; and this Financing and Loan Agreement does not constitute a liability or other obligation of the City or the County in any respect. By accepting this Financing and Loan Agreement, Regions Bank, and each of its successors and assigns, agrees that the City, the County, have no liability or other obligation whatsoever hereunder, that the City and the County have not provided any information whatsoever relating hereto, to the project to be financed, to the project sponsors or managers, to the project's feasibility or financial matters, or any other subject matter, and that Regions Bank, and its successors and assigns, are not relying upon the City or the County in any respect whatsoever.

ARTICLE V

The Obligation

SECTION 5.01 Authorization and General Terms of the Obligation

An obligation shall be issued hereunder in the maximum principal amount of \$1,745,000 as a Special Project Revenue Note to evidence the limited and nonrecourse obligations of the Issuer to pay Debt Service under this Financing and Loan Agreement. The Obligation shall be in such form; shall bear interest at such rate; shall be payable as to principal and interest at such times, places and in such amounts; shall be subject to prepayment at such times, in such manner and upon such notice; shall be dated the date of delivery thereof; and shall contain such other terms as set forth in the form of the Obligation in Exhibit A hereto.

SECTION 5.02 Execution and Delivery

(a) The Obligation shall be executed and attested on behalf of the Issuer by the President and Secretary thereof under its corporate seal affixed or reproduced thereon. In case any officer whose signature shall appear on the Obligation shall cease to be such officer before the delivery of the Obligation, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

(b) At any time after the execution and delivery of this Financing and Loan Agreement, the Issuer may execute and deliver the Obligation to the Lender as in this Financing and Loan Agreement provided.

SECTION 5.03 Registration and Transfer

The Borrower shall, on behalf of the Issuer, cause to be kept at its principal place of business a book of registration in which, subject to such reasonable regulations as it may prescribe or as the Issuer may require, the Borrower shall, on behalf of the Issuer, provide for the registration of ownership, transfers, and pledges of the Obligation.

ARTICLE VI

Advance and Use of Proceeds of Obligation; Acquisition of the Project

SECTION 6.01 Issuance of and Payment For Obligation

On the date of delivery of this Financing and Loan Agreement the Issuer shall deliver the Obligation to the Lender in exchange for payment of the purchase price of the principal amount thereof by the Lender. The Lender shall pay the purchase price of the Obligation by advancing the principal amount of the Obligation for the account of the Issuer, which advance shall, pursuant to Section 6.02, constitute an immediate and contemporaneous loan by the Issuer to the Borrower of the principal proceeds of the Obligation.

SECTION 6.02 Proceeds of Obligation

The Issuer does hereby loan the principal amount of the Obligation to the Borrower and the Borrower does hereby borrow such amount from the Issuer.

SECTION 6.03 Project Fund; Use of Proceeds of Advances

(a) On the date of issuance of the Obligation, principal proceeds of the Obligation shall be immediately advanced to currently refund the outstanding principal amount of the Series 2011 Bond. All costs of issuance on the Obligation and accrued interest on the Series 2011 Bond shall be paid from Borrower's own funds or from proceeds of the Taxable Loan.

(b) Proceeds from the Obligation are eligible to be advanced and distributed to the Borrower, on the terms and subject to the conditions set forth on Schedule 6.03 hereto (the "Advances").

(c) the Lender shall have no obligation to make an Advance until it is satisfied that all documents and information submitted to it hereunder in connection with such Advance comply with this Financing and Loan Agreement;

(d) the Lender shall record on its internal records (which may be kept by computer or other means) the principal amount of each Advance and the determination and certification by the Lender of the outstanding aggregate principal amount of the Advances from time to time shall be conclusive for all purposes absent manifest error.

ARTICLE VII

The Project

SECTION 7.01 Agreement by the Borrower to Acquire Project

(a) The Borrower has acquired, constructed, equipped, and installed the improvements constituting the Project with due diligence and has caused the Project to be placed in service as educational facilities in accordance with its non-profit mission.

(b) In the event the proceeds of the Obligation are insufficient to pay in full all Project Costs and to finance the indebtedness to be refunded from proceeds of the Obligation, the Borrower shall be obligated at its own expense and the Borrower shall pay any such deficiency. The Borrower shall not by reason of the payment of such deficiency from its own funds be entitled to any abatement of or diminution in Financing Payments.

SECTION 7.02 Acquisition of, and Title to, the Project

The Lender, the Issuer and the Borrower hereby covenant and agree:

(a) (1) the Lender shall pay, or provide for the payment of, Project Costs for Project, on behalf of the Issuer for the benefit of the Borrower, by Advances of the proceeds of the Obligation as provided in Section 6.03, and

(2) by payment of the Project Costs for the Project by the Lender as provided in Section 6.03: (i) the Project shall become subject to this Financing and Loan Agreement as part of the Project, (ii) title to the Project shall vest, or remain, in the Borrower, and (iii) a nonexclusive right to possession and use of the Project shall, for purposes of this Financing and Loan Agreement, vest in the Lender.

(b) In furtherance of the corporate purposes of the Lender and the purposes of the Financing Documents, and in consideration of the agreements therein, the Lender does hereby demise, transfer and convey all of the right, title and interest of the Lender in and to the Project (or any part thereof) as are, or may be, created pursuant to Section 7.02(a)(2) to the Borrower without recourse, representation or warranty of any kind, or retention of any present or future interest therein, subject to the provisions of this Financing and Loan Agreement and any Permitted Encumbrances (as defined in the Mortgage).

SECTION 7.03 No Warranty by Issuer or Lender

(a) THE BORROWER COVENANTS AND AGREES THAT THE ISSUER, THE LENDER, THE CITY, AND THE COUNTY ARE NOT AN AGENT OF, ANY MANUFACTURER, SUPPLIER, CONTRACTOR OR WARRANTY PROVIDER FOR THE PROJECT. THE BORROWER COVENANTS AND AGREES THAT THE BORROWER AND NOT THE ISSUER OR THE LENDER, HAS SELECTED AND CAUSED THE PURCHASE OF THE IMPROVEMENTS CONSTITUTING THE PROJECT AND HAS SELECTED EACH SUPPLIER AND WARRANTY PROVIDER AND BORROWER EXPRESSLY DISCLAIMS ANY RELIANCE UPON THE ISSUER OR THE LENDER WITH RESPECT THERETO. THE BORROWER AGREES THAT TO THE EXTENT IT IS ENTITLED TO ANY WARRANTIES AND OTHER RIGHTS PROVIDED BY WARRANTY PROVIDERS WITH RESPECT TO THE PROJECT TO CONTACT SUCH WARRANTY PROVIDERS FOR AN ACCURATE AND COMPLETE STATEMENT OF ANY SUCH EXPRESS WARRANTIES AND OTHER RIGHTS AND ANY DISCLAIMERS OR LIMITATIONS OF SUCH RIGHTS OR OF REMEDIES.

(b) THE BORROWER COVENANTS AND AGREES THAT THE PROJECT IS OF A SIZE, DESIGN AND CAPACITY SELECTED BY THE BORROWER AND THAT THE ISSUER, THE LENDER, THE CITY, AND THE COUNTY HAVE NOT MADE, AND DO NOT HEREBY MAKE, ANY REPRESENTATION, WARRANTY, OR COVENANT, EXPRESS OR IMPLIED, WITH RESPECT TO ANY MATTER, INCLUDING WITHOUT LIMITATION, THE VALUE, MERCHANTABILITY, CONDITION, QUALITY, DURABILITY, DESIGN, CONSTRUCTION, OPERATION, FITNESS FOR USE OR SUITABILITY OF THE PROJECT IN ANY RESPECT WHATSOEVER OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF BORROWER, OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO, AND THE ISSUER, THE LENDER, THE CITY, AND THE COUNTY SHALL NOT BE OBLIGATED OR LIABLE FOR ACTUAL, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, OR OTHER DAMAGES OF OR TO BORROWER OR ANY OTHER PERSON OR ENTITY ARISING OUT OF OR IN CONNECTION WITH THE USE OR PERFORMANCE OF THE PROJECT AND THE MAINTENANCE THEREOF OR FOR THE SUITABILITY THEREOF FOR THE PURPOSES OF THE BORROWER.

(c) THE BORROWER COVENANTS AND AGREES THAT THE ISSUER, THE LENDER, THE CITY, AND THE COUNTY MAKE NO REPRESENTATION OR WARRANTY THAT THE PROCEEDS OF THE OBLIGATION WILL BE SUFFICIENT TO PAY IN FULL ALL PROJECT COSTS.

SECTION 7.04 Legal Treatment.

Notwithstanding the above, in the event any court of competent jurisdiction holds that the provisions of this Financing and Loan Agreement are ineffective or if the provisions in this Financing and Loan Agreement are otherwise found to be invalid for any reason, Issuer and Borrower agree to treat the amount(s) advanced by Lender

as a loan and Borrower agrees to repay the same in accordance with the same terms and conditions as if the terms set forth in this Financing and Loan Agreement are loan terms. Borrower acknowledges that such obligation constitutes an "Obligation" as defined under the Mortgage and is secured thereby and under the Guaranty.

ARTICLE VIII

Term and Payments

SECTION 8.01 Term of Financing and Loan Agreement

This Financing and Loan Agreement shall be effective upon delivery and shall remain in full force and effect until this Financing and Loan Agreement shall be terminated as provided in Section 12.12.

SECTION 8.02 Financing Payments

The Borrower hereby covenants and agrees to pay to the Lender at the payment address provided by Lender in accord with the written instructions printed on Lender's normal payment coupons on each Obligation Payment Date, in immediately available funds, for the account of the Issuer, an amount equal to the Debt Service on the Obligation due on such Obligation Payment Date.

SECTION 8.03 Administrative Expense Payments

(a) As payment of administrative expenses (the "Administrative Expense Payments") of the Issuer, the Borrower hereby covenants and agrees to pay to the Issuer the reasonable expenses of the Issuer incurred in connection with the issuance of the Obligation or the performance of the Issuer's obligations under this Financing and Loan Agreement, or in connection with any litigation which may at any time be instituted involving this Financing and Loan Agreement or the Project, or in the pursuit of any remedies under this Financing and Loan Agreement.

(b) All Administrative Expense Payments shall be due and payable within 10 days after receipt by the Borrower of an invoice therefor.

SECTION 8.04 Advances by Lender

If the Borrower shall fail to perform any of its covenants in this Financing and Loan Agreement, the Lender may, at any time and from time to time, after written notice to the Borrower if no Event of Default exists, make advances to effect performance of any such covenant on behalf of the Borrower. Any money so advanced by the Lender, together with interest at the rate which is the lesser of (i) two percent in excess of the Prime Rate, or (ii) the highest non-usurious rate of interest permitted by applicable law.

SECTION 8.05 Indemnity of Issuer, City and Lender

(a) The Borrower agrees to pay, and to indemnify and hold the Issuer, the Lender, the City, and Travis County (and each officer, director, employee or agent thereof) harmless against, any and all liabilities, losses, damages, claims or actions (including all reasonable attorneys' fees and expenses of the Issuer, Lender, the City, and Travis County), of any nature whatsoever incurred by the Issuer, the Lender, and/or the City or Travis County without willful misconduct on their part arising from or in connection with (1) their performance or observance of any covenant or condition on their part to be observed or performed under this Financing and Loan Agreement, (2) any injury to, or the death of, any person or any damage to property at the Project, or in any manner growing out of or connected with the use, nonuse, condition or occupation of the Project or any part thereof, (3) any damage, injury, loss or destruction of the Project, (4) any other act or event occurring upon, or affecting, any part of the Project, (5) violation by the Borrower of any contract, agreement or restriction affecting the Project or the use thereof of which the Borrower has notice and which shall have existed at the commencement of the term hereof or shall have been approved by the Borrower, or of any law, ordinance or regulation affecting the Project or any part thereof or the ownership, occupancy or use thereof, and (6) the presence of any pollutants, contaminants, toxic or hazardous

wastes, and/or other substances regulated by law or which might create a hazard to health and safety, now or hereafter on, under or included in the Project, and any clean up or other remedial action with respect to any thereof, and the violation of any law, rule, regulation, order, ruling, notice or decree of any Governmental Authority relating to pollution or the protection of human health or the environment.

(b) The Borrower hereby agrees that the Issuer and the Lender shall not incur any liability to the Borrower, and shall be indemnified against all liabilities, in exercising or refraining from asserting, maintaining or exercising any right, privilege or power of the Issuer or the Lender under this Financing and Loan Agreement, if the Issuer or the Lender, as the case may be, is acting in good faith and without willful misconduct or in reliance upon a written request by the Borrower.

(c) If any indemnifiable party (whether the Issuer, the Lender, the City, or Travis County) shall be obligated to pay any claim, liability or loss, and if in accordance with all applicable provisions of this Section the Borrower shall be obligated to indemnify and hold such indemnifiable party harmless against such claim, liability or loss, then, in such case, the Borrower shall have a primary obligation to pay such claim, liability or loss on behalf of such indemnifiable party and may not defer discharge of its indemnity obligation hereunder until such indemnifiable party shall have first paid such claim, liability or loss and thereby incurred actual loss.

(d) The covenants of indemnity contained in this Section shall survive the termination of this Financing and Loan Agreement with respect to events or occurrences happening prior to or upon the termination of this Financing and Loan Agreement and shall remain in full force and effect until the commencement of an action with respect to any such event or occurrence shall be prohibited by law.

SECTION 8.06 Obligation of Borrower Unconditional

Provided that Lender does not wrongfully breach its duties and obligations under the terms of this Agreement, the obligation of the Borrower to make all Financing Payments and all other payments provided for herein and to perform and observe the other agreements and covenants on its part herein contained shall be absolute and unconditional, irrespective of any rights of set-off, recoupment or counterclaim it might otherwise have against the Issuer or the Lender. The Borrower will not suspend or discontinue any such payment or fail to perform and observe any of its other agreements and covenants contained herein or terminate this Financing and Loan Agreement for any cause whatsoever, including, without limiting the generality of the foregoing, the invalidity or unenforceability of the Obligation or this Financing and Loan Agreement or any provision thereof, the invalidity or unconstitutionality of the Enabling Law or any provision thereof, any damage to or destruction of the Project or any part thereof, the taking by eminent domain of title to or the right to temporary use of all or any part of the Project, any change in the tax or other laws or administrative rulings, actions or regulations of the United States of America or of the State or any political or taxing subdivision of either thereof, or any failure of the Issuer to perform and observe any agreement or covenant, whether express or implied, any duty, liability or obligation arising out of or in connection with this Financing and Loan Agreement. Notwithstanding the foregoing, the Borrower may, at its own cost and expense, prosecute or defend any action or proceeding, or take any other action involving third persons which the Borrower deems reasonably necessary in order to secure or protect its rights hereunder.

ARTICLE IX

Covenants of the Borrower

SECTION 9.01 General Covenants

During the term of this Financing and Loan Agreement:

(a) The Borrower will maintain proper books of record and account, in which full and correct entries will be made, in accordance with generally accepted accounting principles (as the same exist on the date of application thereof), of all its business and affairs. In the event of default as hereinafter provided,

the Borrower will permit a public accountant or firm of public accountants designated by the Lender to have access to inspect, examine and make copies of the books and records, accounts and date of the Borrower.

(b) Except as permitted by this Section the Borrower will maintain and preserve its existence as a nonprofit corporation under the laws of the State and will not voluntarily dissolve without first discharging its obligations under this Financing and Loan Agreement (except as permitted herein) and will comply with all valid laws, ordinances, regulations and requirements applicable to it or to its property and the Project.

(c) The Borrower will not in any manner transfer or convey any substantial portion of its property, assets and licenses; provided, however, the Borrower may without violating the foregoing provision make such a transfer or conveyance if prior thereto it files with the Lender a letter or certificate by a firm of Independent certified public accountants acceptable to the Lender certifying that upon the consummation of such transfer or conveyance the Borrower will have an excess of assets over liabilities at least as great as the Borrower would have had if such transfer or conveyance had not occurred.

(d) The Borrower will do, execute, acknowledge and deliver such further acts, conveyances, mortgages, financing statements and assurances as the Issuer or the Lender shall require for accomplishing the purposes of this Financing and Loan Agreement. The Borrower will cause this Financing and Loan Agreement, any amendments to this Financing and Loan Agreement and other instruments of further assurance, including financing statements and continuation statements, to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed in such places as may be required by law fully to preserve and protect the rights of the Issuer and the Lender hereunder.

SECTION 9.02 Compliance With Internal Revenue Code

(a) Upon the advance of any proceeds to the Borrower pursuant to this Agreement, the Borrower hereby covenants and agrees that the Borrower will observe and perform all agreements and covenants thereof in the Tax Certificate and Agreement.

(b) The Borrower hereby further covenants and agrees that, to the extent permitted by law, it will not take any action, or omit to take any action with respect to the Obligation that would cause the interest on the Obligation to be or become Taxable.

SECTION 9.03 Preservation of Section 501(c)(3) Status.

The Borrower shall preserve and maintain the status of the Borrower as an organization described in Section 501(c)(3) of the Code, and shall timely and properly file with the IRS all annual reports, tax returns and other matters required to be filed by the Borrower with the IRS.

SECTION 9.04 Covenants Regarding Religious or Sectarian Practices at the Project.

In order to maintain the exclusion of interest portion of the Rent Payments from gross income for purposes of federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended, the Borrower, by its acceptance of the Agreement, for itself and its successors and assigns, and the Borrower, and its successors and assigns, covenants and agrees that

(1) the Borrower will not use the Project and any improvements or facilities financed in whole or in part with the proceeds of the Advances under this Agreement or of insurance or condemnation proceeds made available with respect thereto (such Project, improvements and facilities being herein collectively referred to as the "Improvements") for (i) any religious or sectarian purpose or practice (including without limitation religious or sectarian instruction or worship) or (ii) any instruction in any course on religion or theology except as if offered as coursework as a part of an overall comprehensive curriculum on educational topics other than religion, or (iii) in connection with the operation of any school

of divinity or theology or for the training, instruction or preparation of any minister, priest, rabbi or other person of similar office or position in any religious faith or denomination, and

(2) the Borrower will not include religious beliefs as a factor in the consideration of any prospective individual to receive services, and

(3) the Borrower will not attempt to formally indoctrinate, or compel or enforce the adherence or obedience to, any particular religious or sectarian faith or belief at the capital improvements constructed with Advances from this Agreement.

ARTICLE X

Covenants of Issuer

SECTION 10.01 Corporate Existence of Issuer

(a) Except as otherwise provided in subsection (b) of this Section, the Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its existence.

(b) The Issuer shall not consolidate with or merge into any other corporation or transfer its property constituting the Pledged Estate substantially as an entirety to any person unless:

(1) such consolidation, merger, conveyance or transfer shall be on such terms as shall fully preserve the lien and security hereof and the rights and powers of the Lender;

(2) the entity formed by such consolidation or into which the Issuer is merged or the person which acquires by conveyance or transfer the Issuer's said property substantially as an entirety (the "Successor") shall be the City of Crawford or an agency, board or instrumentality thereof organized under the laws of the State;

(3) such Successor shall execute and deliver to the Lender an instrument in form acceptable to the Lender containing an assumption by such Successor of the due and punctual payment of the Debt Service (subject to Section 4.01 hereof) and the performance and observance of every covenant and condition of this Financing and Loan Agreement to be performed or observed by the Issuer;

(4) immediately after giving effect to such transaction, no Event of Default of the Issuer or any event which, upon notice or lapse of time (or both), would constitute such an Event of Default of the Issuer shall have occurred and be continuing.

(c) Upon any consolidation or merger or any conveyance or transfer of the Issuer's property substantially as an entirety in accordance with this Section, the Successor shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Financing and Loan Agreement with the same effect as if such Successor had been named as the Issuer herein.

SECTION 10.02 No Encumbrance of Pledged Estate

The Issuer will not create or permit the creation of any mortgage, pledge, lien, charge, or encumbrance of any kind on the Pledged Estate or any part thereof prior to or on a parity of lien with this Financing and Loan Agreement except with the prior written consent of the Lender and Borrower.

SECTION 10.03 Inspection of Records

The Issuer will at any and all times, upon the written request of the Lender, afford and procure a reasonable opportunity for the Lender by its representatives to inspect any books, records, reports and other papers of the Issuer

relating to the Project, if any, and to make copies therefrom, and the Issuer will furnish to the Lender any and all information as the Lender may reasonably request with respect to the performance by the Issuer of its covenants in this Financing and Loan Agreement.

SECTION 10.04 Compliance with Internal Revenue Code.

(a) The Issuer will observe and perform all agreements and covenants thereof in the Tax Certificate and Agreement.

(b) The Issuer shall not take any action or refrain from taking any action (nor shall it cause or, to the best of its ability, allow any other party to do so) which act or failure to act would cause the Obligation to be or become Taxable. The Issuer shall, upon the reasonable request of the Lender or the Borrower, and at the expense of the Borrower, take all actions required under the Code necessary to preserve the exclusion of the interest on the Obligation from gross income for federal income tax purposes.

ARTICLE XI

Events of Default and Remedies

SECTION 11.01 Events of Default

The occurrence of any one or more of the following shall constitute an event of default (a "Event of Default") under this Financing and Loan Agreement (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

- (a) default in the payment of any Debt Service when the same becomes due and payable; or
- (b) default in the performance, or breach, of any covenant or warranty of the Borrower or the Issuer in this Financing and Loan Agreement (other than a covenant or warranty, a default in the performance or breach of which is elsewhere in this Section specifically described), and the continuance of such default or breach for a period of 30 days; or
- (c) an Act of Insolvency occurs with respect to the Borrower; or
- (d) any warranty, representation or other statement by or on behalf of the Issuer or the Borrower and contained herein or in any other document or certificate furnished by the Issuer or the Borrower in connection herewith shall be false, untrue or misleading in any material respect at the time made and the same shall not be made good or remedied within 30 days after written notice thereof to the Issuer or the Borrower by the Lender; or
- (e) an event of default shall have occurred under any of the other Financing Documents and any applicable grace period shall have expired.
- (f) an event of default shall have occurred by Borrower under any other financing documents with any other lender, including without limitation, Regions Bank or Regions Capital Advantage, Inc., and the expiration of any applicable grace period thereto.

SECTION 11.02 Remedies

Whenever any such Event of Default shall have happened and be continuing the Lender may do any or all of the following:

- (a) Declare the principal amount of the Obligation then outstanding and interest accrued thereon to be immediately due and payable, whereupon the same shall become immediately due and payable;
- (b) Take whatever proceedings may appear necessary or desirable at law or in equity to collect the Debt Service then due, whether by declaration or otherwise, or to enforce any obligation, covenant or agreement of the Borrower or the Issuer under this Financing and Loan Agreement or by law;
- (c) Exercise all rights and remedies of the Lender under the Financing Documents;
- (d) Apply all amounts on deposit in, or credited to, the Project Fund to the prepayment of the Obligation.

SECTION 11.03 Rights and Remedies of Lender in the Event of Act of Insolvency Affecting the Borrower

In case of the pendency of any Act of Insolvency relative to any person obligated for payment of the Obligation, the Lender (irrespective of whether there has been a default under this Financing and Loan Agreement) shall be entitled and empowered to intervene in such proceedings, to file and prove a claim or claims for the whole amount owing and unpaid and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Lender (including any claim for reasonable compensation to the Lender, its agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Lender except as a result of its gross negligence or bad faith) allowed in any such judicial proceedings, to collect and receive any moneys or other property payable or deliverable on any such claims, and to take such other action therein as the Lender may deem necessary or appropriate to protect its interests.

SECTION 11.04 Agreement to Pay Attorneys' Fees and Expenses

In the event the Borrower should default under any of the provisions of this Financing and Loan Agreement and the Issuer or the Lender should employ attorneys or incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Borrower herein contained, the Borrower will on demand therefor pay to the Issuer or the Lender (as the case may be) the reasonable fee of such attorneys and such other reasonable expenses so incurred.

SECTION 11.05 Availability of Remedies

(a) No remedy herein conferred upon or reserved to the Issuer or the Lender is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall, to the extent permitted by law, be cumulative and in addition to every other remedy given under this Financing and Loan Agreement or now or hereafter existing at law or in equity or otherwise. No delay or omission by the Issuer or the Lender to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof but any such right or power may be exercised from time to time and as often as may be deemed expedient.

(b) In the event any agreement contained in this Financing and Loan Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

(c) All rights, remedies and powers provided by this Article may be exercised only to the extent the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Financing and Loan Agreement invalid or unenforceable.

SECTION 11.06 Continuance of Proceedings.

In case the Lender shall proceed to invoke any right, remedy or recourse permitted hereunder and shall thereafter elect to discontinue or abandon the same for any reason, the Lender shall have the unqualified right so to do and, in such event, the Issuer, the Borrower and the Lender shall be restored to their former positions with respect to this Financing and Loan Agreement and the Obligation, and otherwise, and the rights, remedies, recourse and powers of the Lender hereunder shall continue as if the same had never been invoked.

ARTICLE XII

Provisions of General Application

SECTION 12.01 Effect of Headings and Table of Contents

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 12.02 Enforceability

If any provision in this Financing and Loan Agreement or in the Obligation shall be invalid, illegal or unenforceable, the remaining provisions shall remain in full force and effect and shall operate and be construed in favor of the Lender and the Issuer to effectuate the purposes and terms of such provisions.

SECTION 12.03 Governing Law

This Financing and Loan Agreement shall be construed in accordance with and governed by the laws of the State.

SECTION 12.04 Counterparts

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 12.05 Notices

(a) Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted by this Financing and Loan Agreement to be made upon, given or furnished to, or filed with, the Issuer, the Lender or the Borrower shall be sufficient for every purpose hereunder if in writing and (except as otherwise provided in this Financing and Loan Agreement) (i) delivered personally to the party or, if such party is not an individual, to an officer or other legal representative of the party to whom the same is directed, at the address specified below, (ii) mailed by first-class, registered or certified mail, postage prepaid, addressed as specified below, or (iii) sent by telex or telecopy or other facsimile transmission system to the number specified below. The hand delivery and mailing address and telex or telecopy number for the parties are as follows:

Issuer

Crawford Education Facilities Corporation
Post Office Box 7
Crawford, Texas 76638-0007

Borrower

South Texas Educational Technologies, Inc.
c/o Superintendent
519 S. Texas Blvd
Weslaco, Texas 78596

Lender

Regions Bank
Attn: Oscar Davis
1717 McKinney Avenue Suite 1100
Dallas, Texas 75202

(b) A copy of each notice sent to the Borrower or the Lender shall also be sent at the same time to David B. Ringelstein II, Esq., Balch & Bingham LLP, 1901 Sixth Avenue North, Suite 1500, Birmingham, Alabama 35203.

(c) Any of such parties may change the address or number for receiving any such notice or other document by giving notice of the change to the other parties named in this Section.

(d) Notices or other communications shall be deemed to have been duly given or made (a) upon personal delivery, (b) when sent by facsimile (confirmation of receipt received), (c) on the third (3rd) day after the date of mailing, or (d) on the day after the date of delivery to a nationally recognized courier service, as the case may be. Rejection, refusal to accept or inability to deliver because of a changed address of which no notice was given shall not affect the validity of any notice or other communication given in accordance with the provisions of this Financing and Loan Agreement.

SECTION 12.06 Successors and Assigns

All covenants and agreements in this Financing and Loan Agreement by the Issuer and the Lender and the Borrower shall inure to the benefit of and be binding upon the respective successors and assigns thereof.

SECTION 12.07 Prior Agreements

This Financing and Loan Agreement shall completely and fully supersede all prior agreements, both written and oral, among the Lender, the Issuer and the Borrower relating to the terms and provisions of the Financing and Loan Agreement, the Obligation, and the acquisition of the Project. None of the Lender, the Issuer or the Borrower shall hereafter have any rights under such prior agreements, except as otherwise herein provided, but shall look solely to the Financing Documents for definition and determination of all of their respective rights, liabilities and responsibilities relating to the Project.

SECTION 12.08 Assignment of Financing and Loan Agreement

(a) With the prior written consent of the Issuer and the Lender, the Borrower may assign or transfer this Financing and Loan Agreement and its obligations hereunder, subject to the following conditions:

(1) The Borrower will not assign this Financing and Loan Agreement to any person unless the operations of such person are consistent with, and in furtherance of, the purpose of providing educational services to individuals in the greater Austin, Texas, area.

(2) The Borrower shall, within 30 days after the delivery thereof, furnish to the Issuer and the Lender a true and complete copy of each such assignment.

(b) Except pursuant to and as provided in Article III, the Issuer shall not assign, encumber, pledge or transfer its interest in this Financing and Loan Agreement.

(c) The Lender may, with or without consideration and without the consent of the Issuer or the Borrower, assign, encumber, pledge, or transfer the Obligation and its interests in and rights under this Financing and Loan Agreement; provided, however, Lender shall give notice to Borrower and Issuer of any assignment or transfer of the Obligation.

SECTION 12.09 Costs.

(a) The Borrower shall promptly reimburse the Lender and the Issuer for any and all reasonable costs, out-of-pocket expenses and attorneys' fees which the Lender and the Issuer may incur in connection with (1) the preparation of this Financing and Loan Agreement (whether or not the transactions contemplated by this Financing and Loan Agreement shall be consummated), (2) the enforcement of the rights of the Lender and the Issuer in connection with this Financing and Loan Agreement including but not limited to, the reasonable fees and disbursements of counsel to the Lender and the Issuer, (3) the protection or perfection of the Lender's rights and interest hereunder (4) the exercise by or for the Lender or the Issuer of any of the rights or powers herein conferred upon the Lender or the Issuer and (5) in the prosecution or defense of any action or proceeding by or against the Lender or the Borrower, the Issuer, or any of them, concerning any matter arising out of, connected with or related to this Financing and Loan Agreement. Notwithstanding the foregoing, the Borrower shall not be required to reimburse the Lender or the Issuer to the extent of any costs, expenses or fees occasioned by the Issuer's or the Lender's negligence or willful misconduct.

SECTION 12.10 Modification; Amendment.

No modification, amendment or waiver of any provision of this Financing and Loan Agreement, and no consent to any departure by the Issuer or the Borrower therefrom, shall be effective unless the same shall be in writing and signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given.

SECTION 12.11 Service, Waiver of Jury Trial.

(A) TO THE FULL EXTENT PERMITTED BY LAW, THE BORROWER HEREBY (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY A JURY, AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN, KNOWINGLY AND VOLUNTARILY, BY BORROWER, AND THIS WAIVER IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A JURY TRIAL WOULD OTHERWISE ACCRUE. LENDER IS HEREBY AUTHORIZED AND REQUESTED TO SUBMIT THIS FINANCING AND LOAN AGREEMENT FOR RESOLUTION, SO AS TO SERVE AS CONCLUSIVE EVIDENCE OF BORROWER'S WAIVER OF THE RIGHT TO JURY TRIAL. FURTHER, BORROWER HEREBY CERTIFIES THAT NO REPRESENTATIVE OR AGENT OF LENDER (INCLUDING LENDER'S COUNSEL) HAS REPRESENTED, EXPRESSLY OR OTHERWISE, TO BORROWER THAT LENDER SHALL NOT SEEK TO ENFORCE THIS WAIVER OF RIGHT TO JURY TRIAL PROVISION.

(B) TO THE FULL EXTENT PERMITTED BY LAW, SERVICE OF PROCESS IN ANY ACTION SHALL BE DULY SERVED IF MAILED BY REGISTERED MAIL, POSTAGE PREPAID, TO BORROWER AT ITS ADDRESS DESCRIBED IN SECTION 12.05 OR IF SERVED BY ANY OTHER MEANS PERMITTED BY APPLICABLE LAW.

SECTION 12.12 Defeasance and Termination

If (i) the Borrower, on behalf of the Issuer, shall indefeasibly pay in full and discharge the Obligation and all other amounts due hereunder under such circumstances that the payments of Debt Service on the Obligation and all such other payments are not subject to rescission or repayment upon any Act of Insolvency affecting the Issuer, the Borrower, or any other person; and (ii) the Borrower, on behalf of the Issuer, shall then have kept and performed each and every obligation, covenant, duty, condition and agreement in this Financing and Loan Agreement imposed on or agreed to by it; then this Financing and Loan Agreement shall terminate and become null and void (except with respect to any specific agreement or covenant hereof which by its terms expressly survives termination of this Financing and Loan Agreement) and any right, title or interest of the Issuer or the Lender in or to the Project shall thereupon cease and revert to the Borrower; and the Lender shall, upon the request of the Borrower and at the Borrower's cost and expense, deliver to the Issuer and the Borrower proper instruments acknowledging satisfaction of this Financing and Loan Agreement and terminating all financing statements filed in connection herewith; otherwise, this Financing and Loan Agreement shall remain in full force and effect.

SECTION 12.13 Severability

If any provisions of this Financing and Loan Agreement shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or paragraphs in this Financing and Loan Agreement contained shall not affect the remaining portions of this Financing and Loan Agreement or any part thereof.

SECTION 12.14 Privately Negotiated Loan

The Borrower and Issuer acknowledge and agree that the Lender is purchasing the Obligation in evidence of a privately negotiated loan and in that connection the Obligation shall not be (i) assigned a separate rating by any municipal securities rating agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of offering document or official statement or (iv) assigned a CUSIP number by Standard & Poor's CUSIP Service.

SECTION 12.15 Role of Lender

The Lender and its representatives are not registered municipal advisors and do not provide advice to municipal entities or obligated persons with respect to municipal financial products or the issuance of municipal securities (including regarding the structure, timing, terms and similar matters concerning municipal financial products or municipal securities issuances) or engage in the solicitation of municipal entities or obligated persons for the provision by non-affiliated persons of municipal advisory services and/or investment advisory services. With respect to any information, materials or communications provided by Lender: (i) the Lender and its representatives are not recommending an action to any municipal entity or obligated person; (ii) the Lender and its representatives are not acting as an advisor to any municipal entity or obligated person and do not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to any municipal entity or obligated person with respect to any information, materials or communications; (c) the Lender and its representatives are acting for their own interests; and (d) the parties hereto should discuss any such information, materials or communications with any and all internal and external advisors and experts which the parties, respectively, deem appropriate before acting on such information, materials or communication.

IN WITNESS WHEREOF, the Issuer, the Borrower and the Lender have each caused this Financing and Loan Agreement to be executed in its name, under seal, and attested to the extent provided, by an officer thereof duly authorized thereunto.

CRAWFORD EDUCATION FACILITIES CORPORATION

By _____

Its: _____

Attest: _____
Secretary

SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC.
as Borrower

By: _____

Its: _____

REGIONS BANK
as Lender

By _____

Its _____

**EXHIBIT A
TO
FINANCING AND LOAN AGREEMENT
DATED AS OF AUGUST 1, 2016
AMONG
CRAWFORD EDUCATION FACILITIES CORPORATION
AND
SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC.
AND
REGIONS BANK**

Form of Obligation

ACAPS No.: 20161451404150
Preparer: David B. Ringelstein II
Balch & Bingham, LLP
205-227-8782

THE PRINCIPAL AMOUNT OF THIS NOTE MAY BE REDEEMED IN PART PRIOR TO MATURITY; ACCORDINGLY, ANY PERSON WHO INTENDS TO ACQUIRE THIS NOTE MUST VERIFY THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE PRIOR TO ACQUIRING THE SAME. THIS NOTE IS NOT ISSUED IN BEARER OR REGISTERED FORM.

CRAWFORD EDUCATION FACILITIES CORPORATION

**SPECIAL PROJECT REVENUE NOTE
(SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC. PROJECT)**

No. R-1

Dated Date: August 26, 2016

Maturity Date: November 26, 2025

The CRAWFORD EDUCATION FACILITIES CORPORATION, non-member, non-stock, public educational facilities finance corporation of the City of Crawford, Texas organized and existing under and by virtue of the laws of the State of Texas (the "Issuer", which term includes any successor under the Financing and Loan Agreement hereinafter referenced), for value received, hereby promises to pay, solely from the source and as hereinafter provided to

REGIONS BANK

or registered assigns (collectively the "Lender") the principal sum of

**ONE MILLION SEVEN HUNDRED FORTY-FIVE THOUSAND DOLLARS AND 00/100s
(\$1,745,000.00)]**

and to pay solely from said source interest on the unpaid balance of said principal amount outstanding hereunder from time to time, from the date hereof until payment in full, at a per annum rate of interest (computed on a monthly accrual basis, meaning that interest or other charges accrued for each month will be computed by multiplying the rate applicable on the 1st day of each payment period by the unpaid principal balance, or relevant sum, on that day and dividing the result by 12 assuming a payment period of 360 days comprised of 12 months of 30 days each), equal to the Applicable Rate (as hereinafter defined), as adjusted from time to time in accordance with the terms hereof, such principal and interest being payable in installments as follows:

(a) subject to the proviso below, on September 26, 2016, and continuing on the 26th day of each month thereafter, through and including October 26, 2025, an amount necessary to be paid in monthly installments of principal and interest to fully amortize the outstanding principal amount of this Note on such payment date at the Applicable Rate then in effect over the then remaining term of this Note, each such amount to be applied first to the payment of interest accrued on such aggregate principal amount of this Note and then to the reduction thereof; and

(b) subject to the proviso below, on the Maturity Date specified above, an amount equal to the aggregate principal amount of this Note then outstanding together with all interest accrued thereon to such Maturity Date, plus any and all other amounts which may be owing by virtue of the Financing and Loan Agreement dated as of August 1, 2016 (the "Financing and Loan Agreement") between Issuer, Lender and User (defined below);

provided, however, and separate and apart from, and in addition to, any Events of Default set forth in the Financing and Loan Agreement, in the event that any of User's (as defined below) existing charter(s) to operate an enrollment charter school facility(ies) are not renewed by the Texas Education Agency prior to the expiration of said respective charter, then Lender shall have the ability to require User to immediately pay all principal advanced hereon and outstanding plus accrued interest (through the date of the mandatory put) on this Note upon not less than thirty (30) days written notice (referred to as a "Put Notice") to User. If Lender provides User said Put Notice, User agrees to immediately pay all amounts of outstanding principal and accrued but unpaid interest and Issuer shall be deemed to have consented to said Put Notice.

For purposes hereof, the following terms have the following meanings:

Applicable Rate shall be a fixed per annum rate of interest equal to 3.54%, if it is determined by the Lender, supported by an opinion of counsel, or by the Internal Revenue Service, that interest on this Note is includable in whole or in part in gross income under Section 103 of the Code, or determined to not be a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code, then, anything herein to the contrary notwithstanding, the Applicable Rate shall be the fixed per annum rate of interest that would provide the Lender an after-tax yield on the then outstanding principal amount of this Note at least equal to the after-tax yield the Lender would have received, if such determination had not been made, from the date such interest must be included in such gross income whereupon the Issuer will reimburse the Lender the difference between (i) the interest then due computed at the higher rate, and (ii) the interest already paid at the lower rate, along with all costs, expenses, penalties, attorneys' fees and all other losses incurred by the Lender as a result of such determination, within thirty days after the date a written notice is delivered by the Lender to the Issuer stating that such a determination has been made and stating the amount that is then due. The obligation to pay such additional interest and such other costs, expenses, penalties, attorneys' fees, and other losses shall survive the payment of the principal hereof.

Business Day shall mean any day other than a Saturday, a Sunday or other day on which commercial banks in Dallas, Texas are authorized or required by law to close.

Code shall mean the Internal Revenue Code of 1986, as amended.

Prime Rate shall mean the rate of interest announced from time to time by Regions Bank as its prime interest rate, with the understanding that the prime interest rate of Regions Bank is one of its prime rates established from time to time for lending purposes after taking into account such factors as Regions Bank may in its sole discretion from time to time deem appropriate and is not necessarily the best or lowest rate offered by Regions Bank.

User refers to South Texas Educational Technologies, Inc., and/or its successors.

Any amount of principal of and, to the extent legally enforceable, interest on, this Note that shall not be paid when due, shall bear interest at a per annum rate equal to the Prime Rate (as defined above) plus three percent (3%), as adjusted on each date on which any change in the Prime Rate becomes effective, from the scheduled date of payment to the date such payment thereof is made.

A late charge shall be due and payable on any amount of principal of, premium (if any) on and, to the extent legally enforceable, interest on, this Note which amount shall not have been paid within 15 days after the date on which such amount is due and payable, in an amount equal to five percent (5%) of such amount.

The principal of and interest on this Note shall be payable at par, without discount, exchange, deduction or charge therefor, in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts, at the office of the Lender in Birmingham, Alabama or at such other place as shall be designated by the Lender to the Issuer and the User in writing; provided, however, the final payment of such principal and interest shall be made only upon presentation and surrender of this Note to the Issuer. All payments of principal of and interest on this Note shall be valid and effectual to satisfy and discharge the liability of the Issuer upon this Note to the extent of the amounts so paid.

Capitalized terms used herein without definition shall have the respective meanings assigned thereto in the Financing and Loan Agreement.

This Note is a limited and nonrecourse obligation of the Issuer payable solely out of the Financing Payments to be made by the User pursuant to the Financing and Loan Agreement. The Lender agrees that the Debt Service and other payments required to be made pursuant to the Financing and Loan Agreement shall never constitute an obligation (general or special), indebtedness, pecuniary liability, or charge against the general faith or credit or taxing powers of the State of Texas or any county or municipality therein or political subdivision thereof within the meaning of any constitutional provision or statutory limitation whatsoever. Neither the faith and credit nor the taxing power of the Issuer, or the State of Texas or any political subdivision thereof, is pledged to the payment of the Debt Service or any other amount due hereunder.

Reference is hereby made to the Financing and Loan Agreement for the provisions, among others, with respect to the respective rights, duties, obligations and security of the Issuer, the User, and the Lender. The owner of any interest in this Note, by the acquisition thereof, hereby assents to and agrees to be bound by (a) the terms, conditions and provisions of the Financing and Loan Agreement, as in effect upon acquisition of such interest, and (b) any consent to modification of, or waiver of compliance with or default under, the Financing and Loan Agreement by all previous owners of this Note, regardless of whether such consent or waiver is noted hereon.

This Note is recorded and registered as to principal and interest in the name of the Lender on the book of registration maintained for that purpose by the Issuer. The person in whose name this Note is registered shall be deemed and regarded as the absolute owner hereof for all purposes and payment of the principal of and interest on this Note shall be made only to or upon the order of the Lender hereof or his legal representative, and neither the Issuer, the User, nor any agent of the Issuer and the User shall be affected by any notice to the contrary. This Note may be transferred only upon written request of the Lender or his legal representative addressed to the Issuer and delivered to the Issuer, such transfer to be recorded on said book of registration and endorsed hereon by the Issuer. Upon presentation to the Issuer for transfer, this Note must be accompanied by a written instrument or instruments of transfer satisfactory to the Issuer, duly executed by the Lender or his attorney duly authorized in writing, and the Issuer shall endorse on the schedule attached hereto for such purpose the principal amount of this Note unpaid and the interest accrued hereon to the date of transfer. No charge shall be made for the privilege of transfer, but the Lender requesting any such transfer shall pay any tax or other governmental charge required to be paid with respect thereto.

If an "Event of Default", as defined in the Financing and Loan Agreement, shall occur the principal of the Note may become or be declared due and payable in the manner and with the effect provided in the Financing and Loan Agreement.

No covenant or agreement contained in this Note or the Financing and Loan Agreement shall be deemed to be a covenant or agreement of any officer, agent or employee of the Issuer and neither any member of the Board of Directors of the Issuer nor any officer executing this Note shall be liable personally on this Note or be subject to any personal liability or accountability by reason of the issuance of this Note.

It is hereby recited, certified and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Financing and Loan Agreement and issuance of this Note do exist, have happened, and have been performed in due time, form and manner as required by law.

The User may (and if so, Issuer shall automatically be deemed to have consented to such prepayment), on any date, pay in advance the entire unpaid principal amount of this Note or any lesser portion or portions thereof by paying to the Lender the principal amount to be prepaid, plus interest accrued on such principal amount to the date of such prepayment, without premium or penalty; provided, however, if the funds with which the prepayment is paid are derived from a refinancing of all or part of the amounts due hereunder or any other kind of financing from a third party or publicly traded bond issue, the Issuer shall pay a premium equal to the Prepayment Penalty Calculation (as defined below) of the amount of principal prepaid, in addition to any other amounts which may be owed by virtue of any swap unwind or termination fee. For purposes hereof, the Prepayment Penalty Calculation shall mean the formula $A \times ((B-C) \times (D/360))$, where: (i) "A" equals the principal balance of the Note on the date of prepayment; (ii) "B" equals the yield to maturity of the United States Treasury Note having a maturity equal or comparable to the

final maturity day of the Note to be prepaid, as reported in the Wall Street Journal on the date of the issuance of the Note and concurred by the Lender; (iii) "C" equals the yield to maturity of the United States Treasury Note having a maturity equal or comparable to the remaining period to the final maturity date of the Note to be prepaid, as reported in the Wall Street Journal on the proposed prepayment date and concurred by the Lender; (iv) "D" equals the number of days from and including the prepayment date to but not including the final maturity day of the Note; and (v) "x" means multiplied with. No prepayment penalty shall be due or owing hereunder if, on the date of such prepayment, the difference obtained by subtracting "C" from "B" is zero or less. All partial redemptions of principal shall be applied in the inverse order of principal payments or sinking fund redemptions.

Any amount of principal of and, to the extent legally enforceable, interest on, this Note that shall not be paid when due, shall bear interest at a per annum rate equal to the lesser of: (i) Prime Rate (as defined in the within referenced Financing and Loan Agreement), as adjusted on each date on which any change in the Prime Rate becomes effective, or (ii) the maximum non usurious rate; from the scheduled date of payment to the date such payment thereof is made.

This Note is authorized by the Issuer in the maximum principal amount of \$1,745,000, issued pursuant to and for the purposes expressed in Chapter 53 of the Texas Education Code (the "Enabling Law") under and pursuant to a Financing and Loan Agreement dated as of August 1, 2016 (the "Financing and Loan Agreement") among the Issuer and Regions Bank, as Lender (the "Lender") and South Texas Educational Technologies, Inc., a nonprofit corporation under the laws of the State of Texas, as the owner and user of the Project hereinafter defined (the "Borrower"), to finance and/or refinance the property and interests in property described in the Financing and Loan Agreement as the "Project" for the benefit and use of the Borrower. Pursuant to the Financing and Loan Agreement, the Borrower has agreed to pay Debt Service when due on this Note to the Lender for the account of the Issuer and the Issuer has assigned its rights under the Financing and Loan Agreement (other than certain rights to be indemnified and for reimbursement of expenses) and the amounts payable by the Borrower thereunder to the Lender.

THIS NOTE DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY OF CRAWFORD, TEXAS, NOR MCLENNAN COUNTY, TEXAS, OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF TEXAS WHATSOEVER, AND ALL OBLIGATIONS TO PAY THIS NOTE ARE THOSE OF THE ISSUER BUT SOLELY FROM THE LIMITED SOURCES PROVIDED BY THE BORROWER.

Notwithstanding any other provision herein or in any other document, this Special Project Revenue Note is not issued by the City of Crawford, Texas or McLennan County, Texas, and none of the foregoing parties is a party hereto; and this Special Project Revenue Note does not constitute a liability or other obligation of the City of Crawford, Texas, McLennan County, Texas, in any respect. By accepting this Special Project Revenue Note, Regions Bank, and each of its successors and assigns, agrees that the City of Crawford, Texas, and McLennan County, Texas, have no liability or other obligation whatsoever hereunder, that neither the City of Crawford nor McLennan County, Texas, has provided any information whatsoever relating hereto, to the project to be financed, to the project sponsors or managers, to the project's feasibility or financial matters, or any other subject matter, and that Regions Bank, and its successors and assigns, are not relying upon the City of Crawford nor McLennan County, Texas, in any respect whatsoever.

It is hereby recited, certified and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Financing and Loan Agreement and issuance of this Note do exist, have happened, and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the Issuer has caused this Note to be executed in its name, under seal, and the same attested, by officers thereof duly authorized thereunto.

**CRAWFORD EDUCATION FACILITIES
CORPORATION**

SEAL

By _____

Its: _____

Attest: _____
Secretary

REGISTRATION OF OWNERSHIP

This Note is recorded and registered in the name of the last owner named below on the book of registration maintained by the Crawford Education Facilities Corporation. The principal of and interest on this Note shall be payable only to or upon the order of such Lender.

<u>Date of Registration</u>	<u>In Whose Name Registered</u>	<u>Signature of Authorized Officer of Lender</u>
<u>August 26, 2016</u>	<u>Regions Bank</u>	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**ENDORSEMENT BY BORROWER OF UNPAID
PRINCIPAL AND ACCRUED INTEREST
ON DATE OF TRANSFER**

<u>Date of Principal Transfer Unpaid</u>	<u>Accrued Interest on Date of Transfer</u>	<u>Signature of Authorized Officer of Borrower</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**EXHIBIT B
TO
FINANCING AND LOAN AGREEMENT
DATED AS OF AUGUST 1, 2016
AMONG
CRAWFORD EDUCATION FACILITIES CORPORATION
AND
SOUTH TEXAS EDUCATIONAL TECHNOLOGIES, INC.
AND
REGIONS BANK**

PROJECT

The Project consists of the real and personal property improvements originally financed from proceeds of the Series 2011 Bonds as more particularly described as follows:

1. Financing the costs for construction, renovation and/or equipment of educational facilities (specifically being a new middle school classroom wing costing approximately \$900,000) known as Horizon Montessori II, located at 1223 W. Sugarcane Drive, Weslaco, Texas 78596;
2. Financing the costs for construction, renovation and/or equipment of educational facilities (specifically being the acquisition of existing building of Lots 5-12, Block 36, 320 North Main Street, McAllen Addition, including the installation of partitions to create classrooms, offices, science lab, technology lab, library, dining area and other physical improvements costing approximately \$1,650,000) known as Horizon Montessori I, located as 221 North Main Street, McAllen, Texas 78501

The legal addresses for the above properties are as follows:

Tract I

All of Lots 5,6,7,8,9, 10, 11, and 12, Block 36 NORTH MCALLEN TOWNSITE, Hidalgo County, Texas, according to the map recorded in Volume "Z", page 40, Deed Records in the Office of the County Clerk of Hidalgo County, Texas, reference to which is here made for all purposes.

Tract II

All of Lot 1, L.L. FRERKING SUBDIVISION, an Addition to the City of Weslaco, Hidalgo County, Texas, according to the map recording in Volume 25, Page 184-A, Map Records in the Office of the County Clerk of Hidalgo County, Texas, reference to which is here made for all purposes.

Schedule 6.03

CONDITIONS AND REQUIREMENTS OF ADVANCES

A. Conditions to First Advance.

The Lender shall have received not less than five Business Days before the date of the first Advance (or such other date or dates as shall be satisfactory to the Lender in its sole discretion), unless otherwise waived by the Lender, the following documents, which must be satisfactory in form and content to the Lender in its sole discretion:

(a) Title Insurance. The Lender shall be furnished a mortgagee's title insurance policy in the amount of the Obligation on the standard ALTA form (the "Title Policy"). The Title Policy shall be issued by a title insurance company acceptable to Lender, and shall insure the validity of the first mortgage on the property described therein, subject only to such exceptions as may be approved in writing by Lender. Further, the Lender may, at its sole option and at Borrower's expense, require the following affirmative endorsements: (i) endorsement for affirmative coverage against disturbance of the surface in the exercise of any mining or mineral rights not consented to by Lender; (ii) same land - survey endorsement; and (iii) such other endorsements as may be appropriate under the circumstances. The Title Policy shall contain no general exceptions for (A) matters that would be revealed by a survey, or (B) mechanics' and materialmens' liens. The Title Policy shall name Lender as mortgagee payable, and shall be satisfactory to Lender as to form and substance. Prior to the date of each Advance of the proceeds of the Obligation, Lender may require, at Borrower's expense, a "date-down endorsement" to the Title Policy to insure that no mechanics' and materialmens' or other liens have been filed.

(b) Survey. Prior to the closing, Lender shall be furnished and shall have approved an accurate survey of the improvements constituting the Project, certified within 60 days of closing by a registered surveyor acceptable to the Lender and to the title insurance company, showing the location of all present and proposed improvements, boundaries, means of public ingress and egress, building setback lines, rights-of-way, easements and encroachments. The survey must contain a certification as to whether or not the improvements constituting the Project lie within a designated flood hazard area. The survey shall be prepared in accordance with the instructions provided by Lender, unless otherwise approved by Lender.

(c) Environmental Assessment. Lender shall receive and approve a Phase I Environmental Assessment of the Project which has been prepared by an environmental engineering firm approved by the Lender and which is performed in accordance with the most recent promulgated standards of the American Society for Testing and Materials ("ASTM"s) for Environmental Site Assessments for Commercial Real Estate (ASTM Designation E 1527 and 1528). At a minimum, this assessment shall include, without limitation, an identification of all potential sources of environmental concern, the presence of hazardous or toxic waste, improper storage, treatment or disposal of hazardous or toxic waste, areas of potential contamination, the past or present presence of underground storage tanks, the presence of wetlands, prior and adjacent land use, together with a review of all pertinent federal, state and local agency data relating to the Project and adjacent properties. The report of the Phase I Environmental Assessment shall be prepared in accordance with the form and instructions provided by the Lender. If in the Lender's sole discretion it is determined that it is necessary to conduct soil, water or asbestos sampling and analysis, such sampling (also referred to as a Phase II Environmental Assessment) shall be conducted and a report shall be prepared and addressed to the Lender which sets forth the results of such sampling. All environmental reports must be acceptable to the Lender. The Lender shall have no obligations hereunder if it is unsatisfied with the results and conclusions of the foregoing.

(d) Insurance Policies. The original or certified copies of all insurance policies required by the Financing Documents; provided, however, that if original or certified copies are not available before the first Advance, the User may deliver evidences of insurance (on form ACORD 27) evidencing the policies required hereunder and then deliver the original or certified copies of such policies promptly thereafter. During the construction period the Lender will require builder's risk insurance and general liability

insurance coverage in an amount satisfactory to Lender. If the property is deemed to be in a flood hazard area, then flood insurance will be required.

(e) Additional Evidence. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Lender or its counsel may reasonably request to evidence (i) compliance by the User with legal requirements, (ii) the truth and accuracy, as of the date of delivery of the Obligation of the representations of the User contained in the Financing Documents, and (iii) the due performance or satisfaction by the User, at or prior to the date of delivery of the Obligation, of all agreements then required to be performed and all conditions then required to be satisfied by the User pursuant to the Financing Documents.

(f) Representations and Warranties. On the date of each Advance hereunder, the representations and warranties set forth herein shall be true and correct on and as of such date with the same effect as though such representations and warranties had been made on and as of such date, except to the extent that such representations and warranties expressly relate to an earlier date.

(g) No Default. On and as of the date hereof and on and as of the date of each Advance hereunder, the Borrower shall be in compliance with all the terms and provisions set forth in this Financing and Loan Agreement on its part to be observed or performed, and no Event of Default, nor any event which upon notice or lapse of time or both would constitute such an Event of Default, shall have occurred and be continuing.

(h) Retention of Counsel or Consultants. The Lender may, in its sole discretion, and at the expense of the Borrower, which expenses shall not be unreasonable, retain legal counsel or other consultants to review the progress of construction of the Project and any documents and information delivered to the Lender in connection with an Advance.

(i) Status of Project. On the date of each Advance hereunder, (1) the Project shall not have been materially damaged by fire, wind, flood, vandalism or other casualty, (2) neither the Project nor any portion thereof shall be subject to condemnation proceedings or negotiations for sale in lieu thereof and (3) the Lender must be reasonably satisfied that the Project is completed to an extent appropriate for the amount of Advances made hereunder through such date and that all documents submitted to the Lender are in good order and comply with the terms and conditions of this Financing and Loan Agreement.

(j) Substantial Completion; Certificate Thereof. The improvements constituting the Project shall have been substantially acquired or completed (meaning that the work shall have been completed to the stage of completion where the Project may be used for the intended purpose, notwithstanding that punch list items remain to be completed) and the Borrower shall have provided the Lender the certificates certifying that the construction of the Project has been substantially completed in accordance with the Plans;

(k) Approval by The Lender. The improvements constituting the Project shall have been inspected and approved by the Lender or the Lender's consultant;

(l) As-Built Survey. An updated as-built ALTA standards survey of the improvements constituting the Project acceptable to Lender and certified in favor of Lender showing the location of the as-completed improvements and the boundary lines certified in favor of Lender, the cost of which shall be borne by the Borrower.

(m) No Liens. The Lender shall have received (1) a certificate from each contractor, subcontractor, supplier and vendor with respect to the improvements constituting the Project satisfactory to the Lender certifying that such contractor, subcontractor supplier and vendor has been paid in full for all work performed or to be performed or property to be supplied with respect to the improvements constituting the Project, or if not, the amounts payable for such work, and releasing all lien rights with

respect to the improvements constituting the Project and (2) any other evidence the Lender may require that the improvements constituting the Project are free of all mechanics' and materialmen's liens; and

(n) Governmental Approvals. Issuance by the appropriate Governmental Authority of a certificate of occupancy and all other approvals necessary to occupy and use the Project for their intended use.