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August 10, 2015

Mr. Craig Cook
Chief Business Officer
New America School – Network
925 S. Niagara #140
Denver, CO 80224

RE: Acquisition of fee interest and all other assets of the New America School Network and/or assignee (“NAS”) or (the “Borrower”) for the acquisition of the property located at 3024 E. Fillmore Street, Phoenix, Arizona 85008 (the “Property”). If the Borrower is not New America Phoenix (the “School”), the Borrower will lease the facility to the School.

Dear Craig:

This letter is to notify you that American Charter Development, LLC (“ACD”) has reviewed the preliminary information submitted in conjunction with your request to provide financing to acquire to the fee interest in and develop the Property. ACD is interested in providing the requested financing for the project.

The preliminary terms and conditions presented herein do not constitute a commitment to provide the Financing and are provided for discussion purposes only.

The financing will be on the preliminary terms and conditions indicated in the attached Term Sheet. The closing of the financing is expressly subject to the satisfaction of the following conditions: (i) the completion of any and all due diligence deemed necessary, with acceptable results and conclusions, as determined by ACD, in its sole discretion; (ii) receipt of final credit approval and other such approvals and legal opinions, each in form and substance satisfactory to ACD; (iii) no material adverse change relating to the business, operations, or condition (financial or otherwise) of the proposed Borrower, any Guarantor, the School, or the underlying real estate collateral; and (iv) the negotiation and execution of mutually satisfactory documentation for the financing. Please be advised that ACD’s underwriting process will likely take more than 90 days from the receipt of the appraisal and other underwriting requirements, as well as a commitment from the RAZA Development Fund to finance the project. Once approved, documentation and closing are expected to take another 30-60 days.

Should you or any of the other parties in this transaction have any questions about ACD’s financing programs and our interest in financing the Property, please contact me directly at (801) 636-0296 or via email at mike@amercd.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mike Morley'.

Mike Morley
Manager of American Charter Development, LLC

Term Sheet

Borrower	New American School Network ("NAS") and/or assignee
Guarantor	If the Borrower is not the School, NAS Phoenix will provide a Guarantee of the Loan
Loan Type	Subordinate to senior Lender (Raza Development Fund), secured by a recorded Second Mortgage on the property
School	New America School – Phoenix
Property	The two buildings totaling 18,000 sf situated on 2.26 acres located at 3024 E. Fillmore Street, Phoenix, AZ 85008
Loan Amount	12% of the Total Project Cost including the acquisition of the Property and improvements made to the Property
Collateral/Security	A second lien deed of trust secured by the Property, as evidenced by an ALTA policy of title insurance, including a survey of the Property and perfected UCC-1 financing statement
Interest Rate	9%
Loan Term and Maturity	5 years
Amortization and Payments	Interest only payments during the Loan Term
Fees Paid by Borrower at Closing	Origination Fee: 4.0% of the Loan Amount. All due diligence costs, including but not limited to legal expenses, third party reports, title, escrow, recording and closing costs.
Third Party Reports	The actual costs of third party reports. These include but are not limited to economic study, market study, ppm, TEA, etc. Typically, these cost between \$30-40k, which can be financed as part of our loan amount
Financing	The financing provided will be 12% of the "as complete" appraised market value of the Property
Buyout/Success Fee	10% markup on the loan amount to be paid at buy out

Conditions Prior to Closing:

Receipt, review and acceptance by ACD of:

- (i) All general condition of the closing required by ACD, including but not limited to receipt of a complete loan application package, evidence of acceptable condition of title, evidence of Borrower's and Guarantor's organization and good standing, evidence of adequate general liability, hazard, and, if applicable, builder's risk insurance, and execution and delivery of loan documents acceptable ACD;
- (ii) An ALTA survey of the Property
- (iii) An "as is" appraisal of the Property
- (iv) If applicable, a Property Condition Report for the Property
- (v) Evidence of the acceptable environmental condition of the Property

- (vi) Any other third party due diligence or opinions deemed prudent or appropriate based on final underwriting of the Loan
- (vii) A fully executed copy of the Purchase Agreement for the Property, which has been appropriately assigned to the Borrower
- (viii) If applicable, a fully executed Lease Agreement between the Borrower and the School
- (ix) Subordination, Non-Disturbance, and Attornment Agreement between Senior Lender, ACD, and School
- (x) Satisfactory evidence that the Borrower has a full commitment of Senior Lender to lend 90% of the project costs

Reporting Requirements:

The Borrower and School shall provide to ACD:

- (i) Interim financial statements, within 60 days of each quarter-end
- (ii) Audited financial statements, within 120 days of fiscal year-end
- (iii) The School's interim financial statements, within 60 days of each quarter-end
- (iv) The School's audited financial statements, within 120 days of fiscal year-end
- (v) The School's Annual Reports and any other reports submitted to or received from the charter authorizer, within 30 days of submission/receipt
- (vi) A compliance certificate along with all financial reporting

Loan Covenants:

The Borrower shall:

- (i) Maintain a minimum combined debt service coverage ratio of 1.15x as measured annually based on the Borrower's fiscal year audit
- (ii) Be prohibited from incurring additional debt without ACD's consent
- (iii) Assure that at all times during the Loan Term, the School shall maintain a minimum Lease Service Coverage Ratio of 1.20x, measured annually based on the School's fiscal year audit.