

ASSET PURCHASE AGREEMENT
BY AND AMONG
SAN JOAQUIN VALLEY COLLEGE, INC.,
SANBARCOLLBUSCOM, INCORPORATED,
AND
CERTAIN SHAREHOLDERS OF SANBARCOLLBUSCOM, INCORPORATED
DATED AS OF SEPTEMBER 19, 2019

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this “Agreement”), dated as of September 19, 2019, is entered into by and among (i) San Joaquin Valley College, Inc., a California corporation (“Purchaser”), (ii) Sanbarcollbuscom, Incorporated, a California corporation (“Seller”), and (iii) Dean Johnston and Matthew Johnston (together, the “Owners” and, collectively with Seller, and Purchaser, the “Parties”).

RECITALS

WHEREAS, Seller is engaged in the operation and management of two accredited, Title IV Program-participating, for-profit postsecondary institutions, (i) one of which has been issued Office of Postsecondary Education Identification (“OPE ID”) Number 02578000 by the USDE, located at 303 East Plaza Dr., Santa Maria, CA 93454, providing certificate, associate’s and bachelor’s programs in the allied health, nursing, business administration, paralegal studies, and trade fields; (ii) the other of which has been issued OPE ID Number 02577900 by the USDE, with a main location located at 5300 California Ave., Bakersfield, CA 93309 and a branch location located at 34275 Monterey Ave., Rancho Mirage, CA 92270, providing certificate, associate’s, bachelor’s and master’s degree programs in the allied health, nursing, business administration, paralegal studies, and trade fields, and which is authorized to offer online courses; and (iii) both of which primarily do business under the tradename “Santa Barbara Business College” (each a “School” and collectively, the “Schools” or the “SBBC System”);

WHEREAS, Seller is also engaged in the operation and management of an accredited, Title IV Program-participating, for-profit postsecondary institution that has been issued OPE ID Number 00998905 providing certificate and training in the field of aeronautics under the tradename “California Aeronautical University” (collectively, the “CAU System”); and

WHEREAS, Purchaser desires to purchase from Seller and Seller desires to sell to Purchaser, substantially all of the assets of Seller that relate to the SBBC System, upon the terms and subject to the conditions of this Agreement.

NOW THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1

DEFINITIONS

1.1 Definitions. The following terms, whenever used herein, shall have the following meanings for all purposes of this Agreement.

“Accounting Principles” means the principles and methodology set forth on Exhibit A.

“ACCJC” means the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges.

“ACCSC” means the Accrediting Commission of Career Schools and Colleges.

“Accounts Receivable” has the meaning set forth in Section 5.22.

“Accrediting Body” means any non-governmental entity, including institutional and specialized accrediting agencies, whether foreign or domestic, that engages in the granting or withholding of accreditation of postsecondary institutions or their educational programs in accordance with standards and requirements relating to the performance, operations, financial condition or academic standards of such institutions, including ACICS, ACCSC, and ACCJC.

“ACICS” means the Accrediting Council for Independent Colleges and Schools.

“Acquired Assets” means all of the assets, properties, rights and interests of Seller of every kind and character and wherever located, to the extent that such assets, properties, rights and interests exist as of the Closing Date and relate to, or are used by, the SBBC System as of the date hereof or the Closing Date, except for the Excluded Assets. The Acquired Assets include but are not limited to, all of Seller’s right, title, and interest in and to the following (except to the extent explicitly included in the Excluded Assets), to the extent that such assets, properties, rights and interests exist as of the Closing Date and relate to, or are used by, the SBBC System as of the date hereof or the Closing Date:

- (i) All tangible personal property (such as inventories, supplies, machinery, fixtures, tooling, equipment, parts, goods, furniture, computers, automobiles, trucks, tractors, trailers and tools);
- (ii) All Contracts, except for Contracts constituting Excluded Assets, (the “Acquired Contracts”). If the assignment of any Acquired Contract requires the consent of the other parties to such Acquired Contract (other than Seller or Owners), this Agreement does not constitute an agreement to assign such Acquired Contract if an attempted assignment would constitute a breach thereof, but Seller and Owners shall, at Purchaser’s cost and expense, during the one hundred twenty (120) day period following the Closing Date, use commercially reasonable efforts to (A) cooperate with Purchaser to obtain the written consent of the other parties to such assignment; and (B) failing such consent, at Purchaser’s election, to enforce any rights of Seller arising from such Acquired Contract against the other party or parties thereto upon the direction and for the risk and benefit of Purchaser. Notwithstanding anything contained herein to the contrary, Purchaser shall be entitled to exclude any Contracts from the definition of “Acquired Contracts”, other than the Lease with respect to the Leased Property at 5300 California Avenue, Bakersfield, CA 93309, by delivering notice thereof to Seller on or prior to the earlier of sixty (60) days of the date hereof and the Closing Date;
- (iii) All Intellectual Property, goodwill associated therewith, licenses and sublicenses granted and obtained with respect thereto, and rights thereunder, remedies against infringements thereof, and rights to protection of interests therein under the laws of all jurisdictions;
- (iv) All Permits to the extent assignable;
- (v) All books, records, ledgers, files, documents, correspondence, lists, plats, architectural plans, drawings and specifications, creative materials, advertising and promotional materials, studies, reports, and other printed or written materials;
- (vi) To the extent related to the SBBC System, claims, prepayments, deposits, refunds, causes of action, choses in action, rights of recovery, rights of set off, and rights of recoupment;
- (vii) All inventory, including works in process, raw materials and finished goods;
- (viii) The name “Santa Barbara Business College” and all derivations thereof, and all other names used in connection with the SBBC System and all derivations thereof;

(ix) All Accounts Receivable other than any Accounts Receivables with respect to students who are not enrolled in the SBBC System as of the Closing Date;

(x) All goodwill; and

(xi) All of Seller's right, title and interest to all other assets, properties and rights relating to the Schools.

"Acquisition Proposal" has the meaning set forth in Section 7.7.

"Action" means any action, claim, suit, arbitration, investigation or proceeding.

"Adverse Regulatory Condition" shall mean any term or condition that (i) would materially impede Purchaser from operating the Schools in the same manner and to the full extent that they are currently being operated by Seller, (ii) would materially impede Purchaser's ability to carry out its plans for the operation of the Schools following the Closing as set forth on Schedule 1.1(a), or (iii) for the Educational Agency imposing the term or condition, is not customary in the context of a transaction that constitutes a change of ownership or control.

"Affiliate" means, as to any Person, (a) any Person that directly or indirectly controls, is controlled by or is under common control with such Person and (b) any Person who is a director, officer, partner or principal of such Person or of any Person that directly or indirectly controls, is controlled by or is under common control with such Person. For purposes of this definition, "control" of a Person shall mean the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether by ownership of voting stock, by contract or otherwise.

"Affiliate Landlord" means (i) Seller, with respect to the premises used by Seller at 34275 Monterey Ave., Rancho Mirage, CA 92270, (ii) Dean Investments, with respect to the premises used by Seller at 303 East Plaza Dr., Santa Maria, CA 93454, (iii) Crew Investments, LLC, with respect to the premises used by Seller at 305 East Plaza Dr., Santa Maria, CA 93454, and (iv) MK Family Trust, with respect to the premises used by Seller at 313A East Plaza Dr., Santa Maria, CA 93454.

"Agreement" has the meaning set forth in the introductory paragraph of this Agreement.

"Ancillary Agreements" means each other agreement, document, instrument or certificate, other than this Agreement, to be executed and delivered in connection with the consummation of the transactions contemplated by this Agreement.

"Assignment and Assumption Agreement" means that assignment and assumption agreement to be executed by Purchaser and Seller, in substantially the form attached hereto as Exhibit C.

"Audited Financial Statements" has the meaning set forth in Section 5.6(a).

"Balance Sheet Date" means May 31, 2019.

"Base Amount" means an amount equal to \$1.00.

"Basket Amount" has the meaning set forth in Section 11.3(b).

"Benefit Plans" has the meaning set forth in Section 5.13(a).

“Bill of Sale” means that bill of sale to be executed by Seller, in substantially the form attached hereto as Exhibit D.

“Business Data” means all data and personal information processed, collected, stored or disseminated by Seller, including any Personally Identifiable Information.

“Business Day” means any day that is not a Saturday, Sunday or other day on which banking institutions in Los Angeles, California are authorized or required by Law or executive order to close.

“CAU” has the meaning set forth in the recitals to this Agreement.

“CAU Assets” means the assets, properties, rights and interests of Seller of every kind and character and wherever located, to the extent that such assets relate to, or are used by, the CAU System and do not relate to, or are not used by, the SBBC System. The CAU Assets include but are not limited to Seller’s right, title, and interest in and to the following assets, to the extent that the identified asset relates to, or is used by, the CAU System:

- (i) The tangible personal property (such as inventories, supplies, machinery, fixtures, tooling, equipment, parts, goods, furniture, computers, automobiles, trucks, tractors, trailers and tools);
- (ii) The Contracts related to the CAU System;
- (iii) The Intellectual Property, goodwill associated therewith, licenses and sublicenses granted and obtained with respect thereto, and rights thereunder, remedies against infringements thereof, and rights to protection of interests therein under the laws of all jurisdictions;
- (iv) The permits, certificates, licenses, approvals, registrations and authorizations necessary to operate the CAU System;
- (v) Books, records, ledgers, files, documents, correspondence, lists, plats, architectural plans, drawings and specifications, creative materials, advertising and promotional materials, studies, reports, and other printed or written materials of the CAU System;
- (vi) The name “California Aeronautical University,” “CAU” and “Cal Aero” and all derivations thereof, and all other names used in connection with the CAU System and all derivations thereof;
- (vii) The notes and accounts receivable of the CAU System;
- (viii) Claims, prepayments, deposits, refunds, causes of action, choses in action, rights of recovery, rights of set off, and rights of recoupment of the CAU System;
- (ix) All inventory, including works in process, raw materials and finished goods; and
- (x) The goodwill related to the CAU System.

“CAU Campus” means any Seller premises located at (i) 1450, 1420, 1428, 1436, 1468 Boughton Drive, Bakersfield, CA 93308; (ii) 4839 Market Street, Ventura, CA 93003; (iii) 1601 W 5th Street, Oxnard, CA 93030; and (iv) 3753 John J. Montgomery Drive, San Diego, CA 92123.

“Claims Notice” has the meaning set forth in Section 11.4(b).

“Closing” has the meaning set forth in Section 3.1.

“Closing Cash Contribution” means \$200,000.

“Closing Contribution” is an amount equal to (i) the Closing Cash Contribution, (ii) *minus* the Base Amount, and (iii) *plus* the product of the Enrollment Shortfall Amount (if any) *times* \$10,000 per student.

“Closing Date” has the meaning set forth in Section 3.1.

“Closing Statement” has the meaning set forth in Section 2.7(b).

“Closing Working Capital” means the Working Capital, determined in accordance with the Accounting Principles, as of the Effective Time.

“COBRA” has the meaning set forth in Section 5.13(c).

“Code” means the Internal Revenue Code of 1986, as amended.

“Confidential Information” means any information concerning the SBBC System and affairs of the SBBC System that is not generally available to the public and includes any and all information relating to the price and terms of this Agreement.

“Confidentiality Agreement” means that certain Nondisclosure Agreement dated as of March 15, 2019 by and between Purchaser and Seller.

“Contract” means any written agreement, contract, lease, license, instrument, commitment or arrangement.

“COTS License” means (a) a “shrink-wrap,” “click-through,” or “off-the-shelf” software license, or (b) any other software license that is commercially available to the public generally and used by Seller without customization.

“Cut-Off Date” has the meaning set forth in Section 11.1.

“Disclosure Schedules” means the Schedules which correspond to the representations and warranties contained in Article 4 and Article 5.

“Domain Name” means, collectively, the top-level domain located at a specified address on the Internet, and registration thereof, as identified in the “WHOIS” online domain name registration database, and all lower-level Internet domain names, in each case, for which the domain name owner is Seller, whether in the form of an address for use in electronic mail transfer, a Universal Resource Locator (URL), a file transfer protocol (FTP) location, or other form suitable for specifying the location of an electronic data file over the Internet.

“Educational Agency” means any Person, entity or organization, whether governmental, government-chartered, private or quasi-private, that engages in granting or withholding Educational Approvals for, administers Student Financial Assistance to or for students of, or otherwise regulates private postsecondary schools in accordance with standards relating to the performance, operation, financial condition or academic standards of such schools, including the USDE, any Accrediting Body, any State Educational Agency, VA and SEVIS.

“Educational Approval” means any license, permit, certification, accreditation, approval, registration, consent or authorization issued or required to be issued by an Educational Agency to Seller

with respect to any aspect of Seller's operations subject to the oversight of such Educational Agency, including any such approval for Seller to participate in any program of Student Financial Assistance offered by such Educational Agency, but excluding any licenses or similar approval issued with respect to Seller's employees on an individual basis.

“Educational Consent” means any filing, notice, report, consent, registration, approval, permit or authorization required to be made with or obtained from any Educational Agency in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated by this Agreement, whether before or after the Closing, in order to maintain, continue or reinstate any Educational Approval presently held by the SBBC System or any School or Seller relating to the SBBC System or any School.

“Educational Law” means any federal, state, municipal, foreign or other law, regulation, order, Accrediting Body standard or other requirement applicable thereto, issued or administered by, or related to, any Educational Agency or any Student Financial Assistance program.

“Education Representations” has the meaning set forth in Section 11.1.

“Effective Time” has the meaning set forth in Section 3.1.

“Encumbrance” means any and all liens, deeds of trust, encumbrances, charges, mortgages, pledges, restrictions on transfer (other than non-assignment provisions in Contracts), security interests, hypothecations, easements, equity interests, options, rights-of-way, encroachments, preemptive rights, rights of first refusal or restrictions on use.

“Enrollment Shortfall Amount” means the amount by which the total number of students enrolled in the vocational nursing program of the SBBC System, as of the Closing Date, is less than 130.

“Environmental Claims” means any written claims, notice of noncompliance or violation or Action by any Governmental Authority or Person alleging material Liability arising under any Environmental Law.

“Environmental Laws” means any applicable Law and any judicial or administrative interpretation thereof, including any Order or consent decree relating to the use, transportation, storage, Release or threatened Release of any Hazardous Substance.

“Equitable Exceptions” means (a) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar Laws from time to time in effect affecting generally the enforcement of creditors' rights and remedies and (b) general principles of equity.

“Equity Interests” means (a) any shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, (b) any ownership interests in a Person other than a corporation, including membership interests, limited liability company interests, partnership interests, joint venture interests and beneficial interests, and (c) any warrants, options, convertible or exchangeable securities, subscriptions, rights (including any preemptive or similar rights), calls or other rights to purchase or acquire any of the foregoing.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Estimated Purchase Price” has the meaning set forth in Section 2.1.

“Estimated Working Capital” means Seller’s good faith estimate of the Closing Working Capital, as set forth on the Pre-Closing Statement.

“Estimated Working Capital Shortfall” means the amount by which the Working Capital Target exceeds the Estimated Working Capital.

“Estimated Working Capital Surplus” means the amount by which the Estimated Working Capital exceeds the Working Capital Target.

“Excluded Liabilities” has the meaning set forth in Section 2.5.

“Extended Representations” has the meaning set forth in Section 11.1.

“Final Purchase Price” has the meaning set forth in Section 2.1(b).

“Final Working Capital” has the meaning set forth in Section 2.7(b).

“Fraud” means common law fraud or intentional misrepresentation.

“Fundamental Representations” means each of the representations and warranties set forth in Section 4.1 (Binding Obligations), Section 4.4 (Capitalization), Section 4.5 (Brokers), Section 5.1 (Organization and Qualification), Section 5.2 (No Subsidiaries), Section 5.4 (Binding Obligation), Section 5.7(a) (Good Title), Section 5.18 (Affiliate Transactions), Section 5.20 (Brokers), Section 6.1 (Organization) and Section 6.2 (Binding Obligations).

“GAAP” means United States generally accepted accounting principles, consistently applied in accordance with Seller’s historical practices.

“Governmental Authority” means any nation or government, any state, province or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administration functions of or pertaining to government, or any government authority, agency, department, board, tribunal, commission or instrumentality of the United States, any foreign government, any state of the United States, or any municipality or other political subdivision thereof or of any other government in any jurisdiction, and any court, tribunal or arbitrator(s) of competent jurisdiction, and any governmental or non-governmental self-regulatory organization, agency or authority in any jurisdiction, excluding any Educational Agency.

“Hazardous Substance” means any substance defined by or regulated under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq., the Clean Water Act, 33 U.S.C. §1251 et seq., the Clean Air Act, 42 U.S.C. §7401 et seq., the Toxic Substances Control Act, 15 U.S.C. §2601 et seq., the Safe Drinking Water Act, 42 U.S.C. §300f et seq., the Hazardous Materials Transportation Act, 49 U.S.C. §1801 et seq., the Emergency Planning and Community Right to Know Act, 42 U.S.C. §11001 et seq., the Oil Pollution Act, 15 U.S.C. §2601 et seq., and any state or local equivalents thereof.

“HEA” means the Higher Education Act of 1965, 20 U.S.C. § 1001 et seq., as amended, or successor statutes thereto, and its implementing regulations promulgated by the USDE.

“Indebtedness” means, as of any time and without duplication, the following obligations of Seller (whether or not then due and payable): (a) all obligations (including the principal amount thereof or, if applicable, the accreted amount thereof and the amount of accrued and unpaid interest thereon) for the

repayment of money borrowed, whether owing to banks, financial institutions, or otherwise; (b) all obligations (including the principal amount thereof or, if applicable, the accreted amount thereof and the amount of accrued and unpaid interest thereon) evidenced by notes, bonds, debentures or similar instruments (whether or not convertible); (c) all obligations to pay the deferred purchase price of property, assets or services purchased (including purchase price adjustments, “holdback” or similar payments, and the maximum amount of any potential earn-out payments); (d) all obligations to pay rent or other payment amounts under a lease which is required to be classified as a capital lease on the face of a balance sheet prepared in accordance with GAAP or conditional sales Contracts or similar title retention instruments; (e) all obligations relative to the maximum amount of any letter of credit or letter of guaranty, bankers’ acceptance or similar instrument issued or created for the account of Seller, in each case solely to the extent drawn; (f) all obligations to pay any amounts to a third party under any Contract pursuant to which Seller sold any of its businesses, assets or properties outside the ordinary course of business; (g) all guaranties, sureties, assumptions and other contingent obligations in respect of, or to purchase or to otherwise acquire, Indebtedness or indebtedness of others; (h) all obligations under any interest rate swap agreement, forward rate agreement, interest rate cap or collar agreement or other financial agreement or arrangement entered into for the purpose of limiting or managing interest rate risks; (i) all obligations under any pension, retiree medical or non-qualified retirement plan, program or arrangement; (j) all obligations in respect of premiums, penalties, “make whole amounts,” breakage costs, change of control payments, costs, expenses and other payment obligations, in each case, that would arise if all Indebtedness referred to in the foregoing clauses (a) through (i) was prepaid (or, in the case of any interest rate swap agreement, forward rate agreement, interest rate cap or collar agreement, or other financial agreement or arrangement entered into for the purpose of limiting or managing interest rate risks, unwound and settled) in full at such time; and (k) to the extent any item of Indebtedness referred to in the foregoing clauses (a) through (i) cannot be repaid at such time (e.g., as a result of an irrevocable advance notice requirement), all interest on and other accretion of such Indebtedness that occurs between such time and the earliest time that repayment may occur (e.g., if notice was delivered at such time). For the avoidance of doubt, Indebtedness shall not include (i) trade payables or (ii) any Indebtedness incurred by Purchaser and its Affiliates on the Closing Date.

“Indemnitee” has the meaning set forth in Section 11.2(b).

“Indemnitor” means any Party from which any Indemnitee is seeking indemnification pursuant to the provisions of this Agreement.

“Independent Accountant” has the meaning set forth in Section 2.7(c).

“Insurance Policies” means all policies or binders of fire, liability, product liability, umbrella liability, real and personal property, workers’ compensation, vehicular, fiduciary liability and other forms of insurance covering Seller, including self-insurance, in each case held by Seller or any other Person and any rights to applicable claims and proceeds thereof.

“Intellectual Property” means any and all of the following in any jurisdiction throughout the world: (a) patents and patent applications, including reissues, divisions, continuations, continuations-in-part, extensions and reexaminations thereof; (b) works of authorship and copyrights, and registrations and applications for registration thereof; (c) Trademarks and service marks, trade names, copyrights, trade secrets, (d) trade secrets and proprietary business, technical and know-how information; (e) rights of publicity; (f) computer software and firmware, including source code, object code, files, documentation and other materials related thereto; (g) proprietary databases and data compilations; (h) registered Domain Names and applications for registration thereof; (i) any other intellectual property; and (j) rights in any of the foregoing, including rights to sue or recover and retain damages for past, present, and future infringement, dilution, misappropriation or other violation of any of the foregoing.

“IP License” has the meaning set forth in Section 5.8(b).

“IRS” means the United States Internal Revenue Service.

“Joint Retained Assets” has the meaning set forth in Section 7.10(b).

“knowledge of Purchaser” or any similar phrase means the actual knowledge of Michael Perry, Joseph Holt or Angela Heinz, and after reasonable inquiry (it being understood that the “reasonable inquiry” of an individual shall consist exclusively of making inquiries of such individual’s direct internal reports having responsibility for the subject matter of such representation or warranty).

“knowledge of Seller” or any similar phrase means the actual knowledge of any Owner, Scott DeBoer, Andrea Georges, Lynn Duenas, or Gabriela M. Luquin, and after reasonable inquiry (it being understood that the “reasonable inquiry” of an individual shall consist exclusively of making inquiries of such individual’s direct internal reports having responsibility for the subject matter of such representation or warranty).

“Latest Financial Statements” has the meaning set forth in Section 5.6(b).

“Law” means any federal, state, local or foreign law (including common law), treaty, statute, code, ordinance, rule, regulation, written order or other requirement of any Governmental Authority, including any Order, but excluding any Educational Laws.

“Lease” means each agreement for the lease, sublease, license, holding, use, occupancy or operation of the Leased Property to which Seller is a Tenant Party as of the date hereof, including all amendments, renewals, extensions or other modifications thereto.

“Lease Assignment Agreements” has the meaning set forth in Section 7.10(a).

“Leased Property” means the real property that is leased or subleased from a third party, as landlord or sublandlord, to Seller, as tenant or subtenant, and is used or held for use in the conduct of the SBBC System as currently conducted

“Liability” means any debt, obligation, duty, commitment or liability of any nature whatsoever (including any unknown, unaccrued, unasserted, or contingent liability), regardless of whether such debt, obligation, duty, commitment or liability would be required to be disclosed on a balance sheet prepared in accordance with GAAP and regardless of whether such debt, obligation, duty, commitment or liability is immediately due and payable.

“Loss” or “Losses”, in respect of any matter, means any loss, damage, injury, liability, claim, demand, settlement, judgment, award, fine, penalty, Tax, fee (including reasonable attorneys’ fees), charge, cost (including reasonable costs of investigation) or expense.

“Material Adverse Effect” means a material adverse effect on the SBBC System or the results of operations and assets of the SBBC System, taken as a whole; provided, however, that “Material Adverse Effect” shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions; (ii) conditions generally affecting the industries in which the SBBC System operates; (iii) any changes in financial, banking or securities markets in general, including any disruption thereof and any decline in the price of any security or any market index or any change in prevailing interest rates; (iv) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) any action required or permitted by this Agreement or

any action taken (or omitted to be taken) with the written consent of or at the written request of Purchaser; (vi) any matter of which Purchaser is aware on the date hereof; (vii) any changes in applicable Laws, Educational Laws or accounting rules (including GAAP) or the enforcement, implementation or interpretation thereof; (viii) the announcement, pendency or completion of the transactions contemplated by this Agreement, including losses or threatened losses of employees, students, customers, suppliers, distributors or others having relationships with the Seller and the SBBC System; or (ix) any natural or man-made disaster or acts of God; provided further, however, that any event, occurrence, fact, condition or change referred to in clauses (i) through (iv), and (vii) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, condition or change has a disproportionate effect on the SBBC System compared to other participants in the industries in which the SBBC System operates. For the avoidance of doubt, a Material Adverse Effect shall be measured only against past performance of the SBBC System and not against any forward-looking statements, plans, financial projections or forecasts of the SBBC System.

“Material Contracts” has the meaning set forth in Section 5.10(a).

“Multiemployer Plan” has the meaning set forth in Section 5.13(a).

“Non-Assignable Contracts” has the meaning set forth in Section 7.3(a).

“Notice of Disagreement” has the meaning set forth in Section 2.7(c).

“Order” means any judgment, writ, decree, compliance agreement, injunction or judicial or administrative order or legally binding determination from any Governmental Authority.

“Ordinary Course of Business” means an action taken by or on behalf of Seller if such action is generally consistent with Seller’s operation of the SBBC System and consistent with past practice.

“Owners” has the meaning set forth in the introductory paragraph of this Agreement.

“Owner Cap” has the meaning set forth in Section 11.3(a).

“Parties” has the meaning set forth in the introductory paragraph of this Agreement.

“Permits” has the meaning set forth in Section 5.9.

“Permitted Encumbrances” means, (a) Encumbrances disclosed in the Disclosure Schedules and explicitly identified as Encumbrances, (b) Encumbrances for Taxes, assessments and other government charges not yet due and payable or being contested in good faith by appropriate procedures, (c) with respect to real property only, Encumbrances in respect of easements, permits, licenses, rights of way, restrictive covenants, reservations or encroachments or defects or irregularities in, and other similar exceptions to, title and any conditions with respect to real property that do not materially and adversely affect the current use, value or operation of the underlying asset, and (d) with respect to real property only, municipal bylaws, development restrictions or regulations, facility costs, sharing and servicing Contracts, and zoning building or planning restrictions or regulations, (e) mechanics’, carriers’, workmen’s, repairmen’s or other like liens arising or incurred in the Ordinary Course of Business or amounts that are not delinquent and which are not, individually or in the aggregate, material to the SBBC System or the Acquired Assets, (f) Encumbrances arising under any Personal Property Leases set forth on Schedule 5.7(c), and (g) other Encumbrances which are not, individually or in the aggregate, material to the SBBC System or the Acquired Assets.

“Person” means any individual, corporation (including any not-for-profit corporation), general or limited partnership, limited liability partnership, joint venture, estate, trust, firm, company (including any limited liability company or joint stock company), association, organization, entity or Governmental Authority.

“Personal Property Leases” has the meaning set forth in Section 5.7(c).

“Personally Identifiable Information” means any specific and unique information associated with an identified or readily identifiable natural Person (such as name, postal address, email address, telephone number, date of birth, Social Security number (or its equivalent), driver’s license number, account number, credit or debit card number or identification number) that is subject to applicable Laws related to the privacy or protection of such information.

“Post-Closing Educational Consent” means any of those Educational Consents that must be effectuated or obtained following the Closing, as set forth in Schedule 5.21(d)(ii).

“PPA” means a program participation agreement issued to a postsecondary educational institution and countersigned or to be countersigned by or on behalf of the Secretary of the USDE, evidencing certification of that institution to participate in the Title IV Programs.

“PPPA” means a provisional PPA issued to a School, and countersigned or to be countersigned by or on behalf of the secretary of the USDE, for the purposes of certifying the School to continue its Title IV Program participation following consummation of the transactions contemplated by this Agreement.

“Pre-Closing Educational Consent” means any of those Educational Consents that must be effectuated or obtained prior to the Closing, as set forth in Schedule 5.21(d)(i) hereof.

“Pre-Closing Statement” has the meaning set forth in Section 2.7(a).

“Pro Forma Financial Statements” has the meaning set forth in Section 5.6(b).

“Purchaser” has the meaning set forth in the introductory paragraph of this Agreement.

“Purchaser Adjustment Amount” has the meaning set forth in Section 2.7(d).

“Purchaser’s Educational Consent” means any filing, notice, report, consent, registration, approval, permit or authorization to be made with or obtained from any Educational Agency by Purchaser in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated by this Agreement, whether before or after the Closing, set forth on Schedule 9.2(f).

“Purchaser Indemnitee” has the meaning set forth in Section 11.2(a).

“Regulatory Approvals” has the meaning set forth in Section 7.2(a).

“Release” means any release, spill, emission, discharge, leaking, pumping, pouring, dumping, deposit, disposal or dispersal of Hazardous Materials into the environment.

“Representatives” means, with respect to any Person, any director, officer, manager, agent, employee, general partner, member, stockholder, advisor or representative of such Person.

“Restricted Business” means the operation of a postsecondary institution that provides certificate, associate’s or bachelor’s degree programs offered by the SBBC System as of the Closing Date listed on Schedule 1.1(b); provided, however, that the “Restricted Business” shall exclude any business that constitutes the CAU System, including any provision by the CAU System of programs listed on Schedule 1.1(b).

“Restricted Period” has the meaning set forth in Section 7.13(a).

“Schedule” means each schedule to this Agreement delivered by any Party, including the Disclosure Schedules.

“School” or “Schools” has the meaning set forth in the recitals to this Agreement.

“SBBC Campus” means any Seller premises located at (i) 303, 305 and 313A East Plaza Dr., Santa Maria, CA 93454; (ii) 5300 California Ave., Bakersfield, CA 93309; and (iii) 34275 Monterey Ave., Rancho Mirage, CA 92270.

“SBBC Marks” means the name “Santa Barbara Business College” and “SBBC” and any derivations thereof, and anything confusingly similar thereto, and their translations into languages other than English, including, any trade names, logos, Internet addresses and Domain Names, Trademarks and related registrations and applications, in each case, that consist of or contain such names, whether or not in combination with other names.

“SBBC System” has the meaning set forth in the recitals to this Agreement.

“SBBC System Employee” means (a) each individual whose name is set forth on Schedule 1.1(c), and (b) each individual who is hired by Seller prior to the Closing to fill a position that is set forth on Schedule 1.1(c).

“SBBC System Intellectual Property” has the meaning set forth in Section 5.8(e).

“SBBC System Registered Intellectual Property” has the meaning set forth in Section 5.8(a).

“Seller” has the meaning set forth in the introductory paragraph of this Agreement.

“Seller Adjustment Amount” has the meaning set forth in Section 2.7(d).

“Seller Cap” has the meaning set forth in Section 11.3(a).

“Seller Indemnitee” has the meaning set forth in Section 11.2(b).

“Seller IT Systems” has the meaning set forth in Section 5.8(f).

“Settlement” means any settlement, compromise, or consent to the entry of judgment.

“SEVIS” means the Student and Exchange Visitor Information System agency and program administered by the United States Department of Homeland Security and any successor agency administering such program.

“State Educational Agency” means any state licensing agency that regulates educational institutions offering educational programs via residential or online delivery or otherwise operating within such agency’s jurisdiction, including, but not limited to, the California Bureau for Private Postsecondary Education.

“Student Financial Assistance” means any form of student financial assistance, grants or loans that has been administered by any Educational Agency to any School at any point since the Compliance Date pursuant to: (i) Title IV Programs and any other program authorized by the HEA and administered by the USDE; (ii) any state financial assistance programs administered by any State Educational Agency and in which a School currently is approved to participate; or (iii) education benefit programs administered by VA and DOD.

“Subsidiary” means, of a specified Person, any corporation, partnership, limited liability company, limited liability partnership, limited partnership, joint venture or other legal entity of which the specified Person (either alone or through or together with any other Subsidiary) owns, directly or indirectly, a majority of the voting stock or other Equity Interests the holders of which are generally entitled to vote for the election of the board of directors or other governing body, of such legal entity or of which the specified Person controls the management.

“Substantial Control” means, with respect to a Person, (a) holding at least a 25% ownership interest in the Person, whether directly, indirectly, or together with family members (as that term is defined at 34 C.F.R. § 600.21(f)), (b) representing the holder or holders of at least a 25% ownership interest in the Person, including under a voting trust, power of attorney, proxy, or similar agreement, or (c) being a member of the board of directors, a general partner, the chief executive officer, or other executive officer of the Person or an entity that holds at least a 25% ownership interest in the Person, in each case as the term “ownership interest” is defined at 34 C.F.R. § 668.174(c)(1).

“Tax” or “Taxes” means all federal, state, county, local, municipal, foreign and other taxes, including all interest, penalties and additions imposed with respect to such amounts, imposed by any Governmental Authority.

“Tax Returns” means any report, declaration, return, information return, claim for refund, election, disclosure, estimate or statement required to be supplied to a Governmental Authority in connection with Taxes, including any schedule or attachment thereto, and including any amendments thereof.

“Tenant Party” means the party in the role of tenant, subtenant, licensee or similar status under each Lease.

“Termination Date” has the meaning set forth in Section 10.1(a)(ii).

“Territory” means the State of California.

“Third Party Claim” means any claim or demand for which an Indemnitor may be liable to an Indemnitee hereunder which is asserted by a third party.

“Title IV” means Title IV of the HEA.

“Title IV Program” means a program of federal student financial assistance administered pursuant to Title IV.

“TPPPA” means a temporary provisional PPA issued to any School after Closing, and countersigned or to be countersigned by or on behalf of the Secretary of the USDE, for the purposes of continuing the School’s certification to participate in the Title IV Programs on an interim basis following the Closing.

“Trademarks” means trademarks, service marks, certification marks, collective marks, trade dress, logos, trade names, corporate names, and any other indication of source or origin, together with all goodwill associated therewith, and all applications, registrations and renewals therefore.

“Transaction Expenses” shall mean all expenses of Seller incurred or to be incurred prior to and through the Closing in connection with the negotiation, preparation and execution of this Agreement and the other agreements referred to herein and the consummation of the transactions contemplated hereby and thereby and the Closing, including costs, fees and disbursements of financial advisors, attorneys, accountants and other advisors and service providers, and any transaction bonus, discretionary bonus, change-of-control, retention, severance or other compensatory payment to any of the employees, officers, managers, directors or independent contractors of Seller payable solely as a result of the consummation of the transactions contemplated by this Agreement, in each case, payable by Seller and which have not been paid as of the Closing.

“USDE” means the U.S. Department of Education or any successor agency.

“USDE Preacquisition Review Application” means a materially complete electronic application to the USDE with respect to the transactions contemplated hereby, marked for preacquisition review, together with any required exhibits or attachments.

“USDE Preacquisition Response” means the written notice from USDE following its abbreviated preacquisition review of the Preacquisition Review Application, which (i) shall not require the posting of a letter of credit by the Schools or the Purchaser as a condition to the continuation of Title IV aid at the Schools following Closing, (ii) contain any Adverse Regulatory Condition, or (iii) otherwise indicate the existence of any material impediments to the issuance of either the TPPPA or PPPA to the School immediately following the Closing.

“VA” means the U.S. Department of Veterans Affairs or any state approving agency administering veterans’ educational benefits on behalf of the U.S. Department of Veterans Affairs.

“Working Capital” means the working capital of the SBBC System, as determined in accordance with the Accounting Principles and the Working Capital Example.

“Working Capital Example” means, the example Working Capital calculation prepared in accordance with the Accounting Principles and as set forth on Exhibit B.

“Working Capital Target” means \$0.

1.2 Interpretive Provisions. Unless the express context otherwise requires:

(a) the words “hereof,” “herein,” and “hereunder” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement;

(b) terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa;

(c) the terms “Dollars” and “\$” mean United States Dollars;

(d) references herein to a specific Section, Subsection, Recital, Schedule or Exhibit shall refer, respectively, to Sections, Subsections, Recitals, Schedules or Exhibits of this Agreement;

(e) wherever the word “include,” “includes,” or “including” is used in this Agreement, it shall be deemed to be followed by the words “without limitation”;

(f) references herein to any gender shall include each other gender;

(g) references herein to a Person in a particular capacity or capacities shall exclude such Person in any other capacity;

(h) references herein to any Contract (including this Agreement) mean such Contract as amended, supplemented or modified from time to time in accordance with the terms thereof;

(i) with respect to the determination of any period of time, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”;

(j) references herein to any Law or any license mean such Law or license as amended, modified, codified, reenacted, supplemented or superseded in whole or in part, and in effect from time to time; and

(k) references herein to any Law shall be deemed also to refer to all rules and regulations promulgated thereunder.

ARTICLE 2

PURCHASE PRICE AND PAYMENT; PURCHASE AND SALE OF ASSETS

2.1 Calculation of the Purchase Price.

(a) The “Estimated Purchase Price” shall be equal to:

(i) the Base Amount;

(ii) minus the Estimated Working Capital Shortfall (if any); and

(iii) plus the Estimated Working Capital Surplus (if any).

(b) The Estimated Purchase Price shall be subject to adjustment following the Closing pursuant to Section 2.7 hereof (the Estimated Purchase Price as adjusted, the “Final Purchase Price”).

(c) For the avoidance of doubt, the calculation of the Estimated Purchase Price shall not include the Closing Contribution and the Closing Contribution shall be made following the calculation of the Estimated Purchase Price.

(d) In the event the Estimated Purchase Price is a negative number, the absolute value of such negative number shall be payable by Seller to Purchaser pursuant to Section 2.6(a)(viii). In the event the Estimated Purchase Price is a positive number, the Estimated Purchase Price shall be paid by Purchaser to Seller subject to and in accordance with Section 2.7.

2.2 Acquired Assets. At the Closing provided for in Article 3, upon the terms and subject to the conditions of this Agreement, Purchaser agrees to purchase the Acquired Assets from Seller, and Seller agrees to sell, transfer and deliver the Acquired Assets to Purchaser at the Closing, free and clear of all Encumbrances, except for Permitted Encumbrances.

2.3 Excluded Assets. The Acquired Assets do not include any of Seller's right, title and interest in the following (the "Excluded Assets"):

(a) The charter, qualifications to conduct business as a foreign organization, arrangements with registered agents relating to foreign qualifications, taxpayer and other identification numbers, seals, minute books and other documents relating to the organization, maintenance, and existence of Seller as a corporation;

(b) Any Contract of Seller other than the Acquired Contracts;

(c) Any Contract relating to the issuance of securities or governance of Seller;

(d) The Lease for the Leased Property located at 34275 Monterey Ave., Rancho Mirage, CA 92270;

(e) The rights of Seller under this Agreement and the Ancillary Agreements;

(f) Any Contract giving rise to any Indebtedness or any Liability that is an Excluded Liability;

(g) All cash and cash equivalents, bank accounts, credit cards and similar financial instruments;

(h) All Insurance Policies of Seller;

(i) All Tax assets (including duty and Tax refunds and prepayments) of Seller;

(j) All Benefit Plans and related contracts and insurance policies, as well as employment records that Seller may not lawfully transfer to Purchaser;

(k) The Accounts Receivable related to students who are not in active status as of the Closing Date;

(l) The CAU Assets;

(m) Except to the extent related to the SBBC System and assignable to Purchaser, all Permits of Seller;

(n) Except to the extent related to the SBBC System, all books, records, ledgers, files, documents, correspondence, and lists;

(o) Except to the extent related to the SBBC System, claims, prepayments, deposits, refunds, causes of action, choses in action, rights of recovery, rights of set off, and rights of recoupment (including any such item relating to the payment of Taxes);

(p) All tangible personal property (such as inventories, supplies, machinery, fixtures, tooling, equipment, parts, goods, furniture, computers, automobiles, trucks, tractors, trailers and tools)

located at Seller's administrative offices located at 5777 Olivas Park Drive, Ventura, CA 93003 and 1450 Boughton Drive, Bakersfield, CA 93308;

(q) The digital sign of Seller in front of the premises located at 5300 California Ave., Bakersfield, CA 93309;

(r) Any historical items, signage, pictures, documents, diplomas and other historical tangible personal property that are not currently used for operational purposes by the SBBC System;

(s) Any vehicles of Seller;

(t) Any Joint Retained Assets;

(u) Campus based aid attached to the CAU System;

(v) The security deposit held by the landlord or sublandlord for the Leased Property at 5300 California Ave., Bakersfield, CA 93309 (the "Bakersfield Security Deposit"); and

(w) The assets set forth on Schedule 2.3.

2.4 Assumed Liabilities. On the terms and subject to the conditions of this Agreement, Purchaser agrees to assume only the following Liabilities of Seller (the "Assumed Liabilities") and no others, at the Closing:

(a) Liabilities and obligations under the Acquired Contracts, but not including any Liability relating to portions performed or to be performed on or before the Closing Date or as a result of any breach or default thereunder;

(b) unearned tuition of the SBBC System as of Closing; and

(c) all post-Closing student refunds of the SBBC System.

2.5 Excluded Liabilities. Notwithstanding anything to the contrary in this Agreement, Purchaser shall not have any responsibility for any Liabilities of Seller of any nature whatsoever which are not specifically included in the Assumed Liabilities (any Liabilities which are not specifically included in the Assumed Liabilities being the "Excluded Liabilities"), including, without limitation, any of the following: (a) all Indebtedness or accounts payable of Seller; (b) Liabilities to Owners or any Affiliate of Owners; (c) Liabilities for salary, wages, bonuses, deferred compensation, or other compensation or employee benefits; (d) any Liability for any and all Taxes of, or pertaining or attributable to the SBBC System and/or the Acquired Assets for any period or portion thereof that ends on or before the Closing Date (including, but not limited to, any and all Taxes for which Liability is or may be sought to be imposed on the Purchaser under any successor Liability, transferee Liability or similar provision of any applicable Law); (e) Liabilities in respect of the Benefit Plans; (f) except for the Assumed Liabilities as set forth in Section 2.4, any Liability of Seller arising out of the operation of the SBBC System on or prior to the Closing Date; and (g) any Liability arising out of or related to the CAU System.

2.6 Transactions to be Effected at the Closing. At or prior to the Closing, the following transactions shall be effected by the Parties:

(a) Seller shall deliver or cause to be delivered at the Closing to Purchaser or such other Persons as set forth below:

- (i) the Pre-Closing Statement as required by Section 2.7(a);
- (ii) a certificate executed by the Secretary of Seller as of the Closing Date certifying as to: (A) the articles of incorporation of Seller, as in effect at the time of the Closing; (B) the bylaws of Seller, as in effect at the time of the Closing; (C) true and complete copies of resolutions adopted by the board of directors of Seller authorizing the execution, delivery and performance of this Agreement; and (D) a certificate issued by the Secretary of State of the state where Seller was incorporated, certifying that Seller has legal existence and is in good standing in such state as of a date that is no earlier than five (5) Business Days prior to the Closing Date; with the items referenced above to be attached to such certificate;
- (iii) lien releases (to the extent applicable) from the secured parties with liens on any of the Acquired Assets, except the Permitted Encumbrances, in each case in form and substance reasonably satisfactory to Purchaser;
- (iv) documentary evidence, to the reasonable satisfaction of Purchaser, that the Pre-Closing Educational Consents set forth on Schedule 5.21(d)(i) have been made or obtained, as applicable, and do not contain any Adverse Regulatory Condition, and that each School has received a USDE Preacquisition Response;
- (v) a certification from Seller that Seller is not a foreign person in accordance with the Treasury Regulations under Section 1445 of the Code;
- (vi) the certificates required to be delivered pursuant to Section 9.2(c);
- (vii) subject to Section 2.8, payment of the Closing Contribution;
- (viii) subject to Section 2.8, in the event the Estimated Purchase Price is a negative number, payment of the absolute value of such negative number by wire payment to the account(s) provided by Purchaser at least two (2) business days prior to Closing;
- (ix) documentary evidence, to the mutual reasonable satisfaction of Purchaser and Seller, that the consents set forth on Schedule 2.6(a)(ix) have been made or obtained, as applicable;
- (x) the replacement leases with respect to the Leased Property at (a) 303 East Plaza Dr., Santa Maria, CA 93454, (b) 305 East Plaza Dr., Santa Maria, CA 93454, and (c) 313A East Plaza Dr., Santa Maria, CA 93454 (collectively, the “Replacement Leases”), each, in form and substance reasonably satisfactory to the parties thereto and consistent with the terms set forth on Exhibit E, executed by the applicable Affiliate Landlord;
- (xi) the sublease with respect to the Leased Property at 34275 Monterey Ave., Rancho Mirage, CA 92270 (the “Sublease”) in form and substance reasonably satisfactory to the parties thereto and consistent with the terms set forth on Exhibit F, executed by Seller;
- (xii) the Bill of Sale executed by Seller;
- (xiii) the Assignment and Assumption Agreement executed by Seller; and
- (xiv) such other agreements, consents, documents, instruments and writings as are reasonably required to be delivered by Seller pursuant to this Agreement or otherwise

reasonably required to consummate the transactions contemplated hereby, but in no event shall Seller be required to deliver an opinion of counsel in connection with the transactions contemplated by this Agreement.

(b) Purchaser shall deliver or cause to be delivered at the Closing to Seller or such other Persons as set forth below:

- (i) the certificate required to be delivered pursuant to Section 9.3(c);
- (ii) the Replacement Leases executed by Purchaser;
- (iii) the Sublease executed by Purchaser;
- (iv) the Assignment and Assumption Agreement executed by Purchaser; and
- (v) such other agreements, consents, documents, instruments and writings as are reasonably required to be delivered by Purchaser pursuant to this Agreement or otherwise reasonably required to consummate the transactions contemplated hereby (but in no event shall Purchaser be required to deliver an opinion of counsel in connection with the transactions contemplated by this Agreement).

2.7 Purchase Price Adjustment.

(a) At least two (2) Business Days prior to the Closing Date, Seller shall deliver to Purchaser a statement (the “Pre-Closing Statement”) setting forth a good faith calculation of the Estimated Closing Working Capital and the resulting Estimated Working Capital Shortfall (if any) or Estimated Working Capital Surplus (if any).

(b) Within ninety (90) days after the Closing Date, Purchaser shall deliver to Seller a reasonably detailed statement (the “Closing Statement”) setting forth Purchaser’s good faith calculation of the Closing Working Capital prepared and determined in accordance with the Accounting Principles (as finally determined pursuant to the terms hereof, the “Final Working Capital”). Purchaser shall deliver the Closing Statement together with copies of other information and documentation used in the calculations thereof, and any other information as may be reasonably requested by Seller to allow Seller to review such calculations. The Closing Statement and the determinations and calculations contained therein shall be prepared in accordance with the Accounting Principles, the Working Capital Example and the other terms and conditions set forth in this Agreement.

(c) The Closing Statement shall become final and binding upon the Parties on the forty-fifth (45th) day following the date on which the Closing Statement is delivered to Seller, unless Seller delivers written notice of its disagreement with the Closing Statement (a “Notice of Disagreement”) to Purchaser prior to such date. Any Notice of Disagreement shall specify in reasonable detail the nature of any disagreement so asserted. If a Notice of Disagreement is received by Purchaser in a timely manner, then the Closing Statement (as revised in accordance with this sentence) shall become final and binding upon Seller and Purchaser on the earlier of (i) the date Seller and Purchaser resolve in writing any differences they have with respect to the matters specified in the Notice of Disagreement or (ii) the date any disputed matters are finally resolved in writing by the Independent Accountant. During the fourteen (14)-day period following the delivery of a Notice of Disagreement, Seller and Purchaser shall seek in good faith to resolve in writing any differences that they may have with respect to the matters specified in the Notice of Disagreement. If at the end of such fourteen (14)-day period Seller and Purchaser have not resolved in writing the matters specified in the Notice of Disagreement, Seller and Purchaser shall submit

to a qualified certified public accountant employed by a dispute resolution firm, business consulting firm, independent accounting firm or similar business (the “Independent Accountant”) for arbitration, in accordance with the standards set forth in this Section 2.7, only matters that remain in dispute. The Independent Accountant shall be an independent accounting firm with experience in accounting for for-profit postsecondary institutions that is not a “Big 4” accounting firm and shall be reasonably mutually agreed upon by Seller and Purchaser in writing. The terms of engagement of the Independent Accountant shall be as reasonably mutually agreed upon between Seller and Purchaser. Seller and Purchaser shall enter into an engagement letter with the Independent Accountant promptly after its retention, which shall include customary indemnification and other provisions. Seller and Purchaser shall cooperate with the Independent Accountant in all reasonable respects, but no Party will have *ex parte* meetings, teleconferences or other correspondence with the Independent Accountant. As promptly as practicable thereafter, Purchaser and Seller shall each prepare and submit a presentation to the Independent Accountant. Seller and Purchaser shall use commercially reasonable efforts to cause the Independent Accountant to render a written decision resolving the matters submitted to the Independent Accountant within thirty (30) days of the receipt of such submission. The scope of the disputes to be resolved by the Independent Accountant shall be limited to fixing mathematical errors and determining whether the items in dispute were determined in accordance with the Accounting Principles and the accounting principles and procedures set forth in this Agreement, and the Independent Accountant is not to make any other determination, including (A) whether GAAP was followed for the Financial Statements, or (B) whether any of the Working Capital Target or the Estimated Working Capital is correct. The Independent Accountant’s decision shall be (x) based solely on written submissions and testimony by Seller and Purchaser and their respective Representatives (and it shall not permit or authorize discovery) and not by independent review, (y) made strictly in accordance with the Accounting Principles and the accounting principles and procedures set forth in this Agreement and (z) final and binding on all of the Parties absent manifest error. The Independent Accountant may not assign a value greater than the greatest value for such item claimed by either Party or smaller than the smallest value for such item claimed by either Party. The fees and expenses of the Independent Accountant incurred pursuant to this Section 2.7 shall be borne pro rata as between Seller, on the one hand, and Purchaser, on the other hand, in proportion to the final allocation made by such Independent Accountant of the disputed items weighted in relation to the claims made by Seller and Purchaser, such that the prevailing Party pays the lesser proportion of such fees, costs and expenses. Any determinations by the Independent Accountant, and any work or analyses performed by the Independent Accountant, in connection with its resolution of any dispute under this Section 2.7 shall not be admissible in evidence in any Action between the Parties other than to the extent necessary to enforce payment obligations under this Section 2.7.

(d) Upon the determination of the Final Working Capital, the Estimated Purchase Price shall be increased (any such increase, the “Seller Adjustment Amount”) by the amount, if any, that the Final Working Capital exceeds the Estimated Working Capital, and the Estimated Purchase Price shall be decreased (any such decrease, the “Purchaser Adjustment Amount”) by the amount, if any, that the Estimated Working Capital exceeds the Final Working Capital.

(i) If there is a Seller Adjustment Amount and if the Estimated Purchase Price was a positive number, then Purchaser shall, within five (5) Business Days after Seller Adjustment Amount is determined, make payment by wire transfer of immediately available funds to Seller or forfeit rent abatement credited pursuant to Section 2.8 below, or combination thereof, in the amount of any Seller Adjustment Amount plus the amount of the Estimated Purchase Price.

(ii) If there is a Purchaser Adjustment Amount and the Estimated Purchase Price was a negative number, then Seller shall, within five (5) Business Days after Purchaser Adjustment Amount is determined, make payment by wire transfer of immediately available funds to Purchaser in the amount of any Purchaser Adjustment Amount.

(iii) If there is a Purchaser Adjustment Amount and the Estimated Purchase Price was a positive number, then (i) if the difference of the Estimated Purchase Price minus the Purchaser Adjustment Amount is a positive number, then Purchaser shall, within five (5) Business Days after Purchaser Adjustment Amount is determined, make payment by wire transfer of immediately available funds to Seller or forfeit rent abatement credited pursuant to Section 2.8 below, or combination thereof, in the amount of such difference, (ii) if the difference of the Estimated Purchase Price minus the Purchaser Adjustment Amount is a negative number, then Seller shall, within five (5) Business Days after Purchaser Adjustment Amount is determined, make payment by wire transfer of immediately available funds to Purchaser in the amount of the absolute value of such difference, or (iii) if the Estimated Purchase Price equaled the Purchaser Adjustment, no payment shall be made under this Section 2.7(d).

(iv) Upon payment of the amounts provided in this Section 2.7(d), none of the Parties may make or assert any claim under this Section 2.7.

(e) The Accounting Principles (together with the Working Capital Example) were prepared in good faith by Seller, in cooperation with Purchaser, setting forth the various line items used (or to be used) in, and illustrating as of June 30, 2019, the calculation of the Closing Working Capital prepared and calculated for the SBBC System in accordance with this Agreement. For all purposes hereunder, the Closing Working Capital, the Estimated Working Capital, and the Final Working Capital and all determinations and calculations by any Person (including the Independent Accountant, as applicable) of such amounts shall in all circumstances be prepared and calculated strictly in accordance with the Accounting Principles without deviation or exception in any manner, or for any reason, whatsoever; provided that such calculations and determinations (i) shall not include any purchase accounting or other adjustment arising out of the consummation of the transactions contemplated by this Agreement, (ii) shall be based on facts and circumstances as they exist at the Closing, and shall exclude the effect of any act, decision or event occurring on or after the Closing, (iii) shall follow the defined terms contained in this Agreement whether or not such terms are consistent with GAAP and (iv) shall calculate any reserves, accruals or other non-cash expense items on a pro rata (as opposed to monthly accrual) basis to account for a Closing that occurs on any date other than the last day of a calendar month.

2.8 Rent Abatement. At the Closing, the Affiliate Landlords shall issue to Purchaser an aggregate amount of \$300,000 of rent abatement credit with respect to the leases or subleases set forth on Schedule 2.8 (the "Rent Abatement Properties"). Furthermore, notwithstanding anything contained herein to the contrary, at the option of Seller, any Estimated Working Capital Shortfall in excess of \$200,000 may be payable to Purchaser in the form of additional rent abatement credit issued by the Affiliate Landlords with respect to the Rent Abatement Properties, rather than payment in cash to Purchaser pursuant to Section 2.6(a)(viii). The Seller, Owners and the Affiliate Landlords shall take all actions necessary or appropriate to effectuate the foregoing.

2.9 Enrollment True-Up. If there is an Enrollment Shortfall Amount as of the Closing Date, then, within thirty (30) days after the end of the drop/add period for the class start immediately following Closing, Purchaser shall deliver to Seller a statement setting forth the total number of enrolled students of the vocational nursing program of the SBBC System at the end of such drop/add period. If there is an Enrollment Shortfall Amount as of the Closing Date but the total number of enrolled students of the vocational nursing program of the SBBC System at the end of the drop/add period for the class start immediately following Closing equals or exceeds 130 students, then Purchaser shall reimburse Seller an amount equal to such Enrollment Shortfall Amount times \$10,000 per student.

ARTICLE 3

THE CLOSING

3.1 Closing; Closing Date. Subject to the terms and conditions of this Agreement, the closing of the transactions contemplated herein (the “Closing”) shall take place by the electronic delivery of documents, or at such other place that Seller and Purchaser may agree in writing, at 10:00 a.m. local time, on the third (3rd) day (or if such day is not a Business Day, the next Business Day thereafter) after the date that all of the conditions to the Closing set forth in Sections 9.1, 9.2 and 9.3 (other than those conditions which, by their terms, are to be satisfied or waived at the Closing) shall have been satisfied or waived by the Party entitled to waive the same, or at such other time, place and date that Seller and Purchaser may agree in writing. Notwithstanding the foregoing, if the Closing Date would occur after the 10th day of any month, the Closing shall occur (a) on the first Business Day of the next succeeding month, or (b) at such other date as agreed between Purchaser and Seller in writing. The date upon which the Closing occurs is referred to herein as the “Closing Date.” The Closing shall be deemed effective for all purposes as of 12:01 a.m. Pacific time on the Closing Date at the place of the Closing (the “Effective Time”).

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF OWNERS

Except as set forth in the Disclosure Schedules, Owners, jointly and severally, represent and warrant to Purchaser as follows as of the date hereof and as of the Closing Date:

4.1 Binding Obligations. The Owners have all requisite authority and power to execute, deliver and perform each Ancillary Agreement to which the Owners are or will be a party and this Agreement and to consummate the transactions contemplated hereby. Each Ancillary Agreement to which any Owner is or will be a party and this Agreement have been duly executed and delivered by such Owner, and assuming that each Ancillary Agreement to which such Owner is or will be a party and this Agreement constitutes or will constitute the legal, valid and binding obligations of Purchaser, constitutes or will constitute the legal, valid and binding obligations of such Owner, enforceable against such Owner in accordance with its terms, except to the extent that the enforceability thereof may be limited by the Equitable Exceptions.

4.2 No Defaults or Conflicts. The due execution, delivery and performance by each Owner of the Ancillary Agreements to which such Owner is or will be a party and this Agreement and the consummation by such Owner of the transactions contemplated hereby (a) do not and will not in any material respect conflict with, or result in a material breach of any of the terms or provisions of, or constitute a material default under any material Contract to which such Owner is a party or by which it is bound or to which its properties are subject, and (b) do not and will not violate in any material respect any existing applicable Law, rule, regulation, judgment, order or decree of any Governmental Authority having jurisdiction over such Owner, except, in each case, as set forth on Schedule 5.4.

4.3 No Governmental Authorization Required. No material authorization, approval or other action by, and no material notice to or filing with, any Governmental Authority will be required to be obtained or made by such Owner in connection with the due execution, delivery and performance by such Owner of each Ancillary Agreement to which such Owner is or will be a party and this Agreement and the consummation by such Owner of the transactions contemplated hereby.

4.4 Capitalization. Except as set forth on Schedule 4.4, the record and beneficial owner and holder of all of the issued and outstanding Equity Interests of Seller are set forth on Schedule 4.4.

4.5 Brokers. No broker, finder or similar intermediary has acted for or on behalf of the Owners in connection with this Agreement or the transactions contemplated hereby, and no broker, finder, agent or similar intermediary is entitled to any broker's, finder's or similar fee or other commission in connection therewith based on any agreement with the Owners or any action taken by the Owners.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES RELATING TO SELLER

Except as set forth in the Disclosure Schedules, Seller and Owners hereby, jointly and severally, represent and warrant to Purchaser as follows as of the date hereof and as of the Closing Date:

5.1 Organization and Qualification. Seller is duly formed, validly existing and in good standing under the Laws of the State of California. Seller has all requisite organizational power and authority to own, lease and operate Seller's properties and carry on the SBBC System and the CAU System as presently owned or conducted. Seller is qualified, licensed or registered to transact business as a foreign entity and is in good standing (or the equivalent thereof) in each jurisdiction in which the ownership or lease of property or the conduct of its business requires such qualification, license or registration, except in such jurisdictions where the failure to be so duly qualified, licensed or registered and in good standing would not have a Material Adverse Effect. Seller has delivered or made available to Purchaser true and correct copies of the articles of incorporation and bylaws of Seller, as in effect on the date hereof.

5.2 No Subsidiaries. Seller does not own, directly or indirectly, any Equity Interests of any Person.

5.3 Binding Obligation. Seller has all requisite corporate authority and power to execute, deliver and perform each Ancillary Agreement to which it is or will be a party (if any) and this Agreement and to consummate the transactions contemplated hereby. Each Ancillary Agreement to which Seller is or will be a party (if any), this Agreement and the consummation of the transactions contemplated hereby have been or will be duly and validly authorized by all required corporate action on the part of Seller and no other corporate proceedings on the part of Seller is necessary to authorize this Agreement and the consummation of the transactions contemplated hereby. Each Ancillary Agreement to which Seller is or will be a party (if any) has been or will be duly executed and delivered by Seller and, assuming that such Ancillary Agreement(s) constitutes the legal, valid and binding obligation of Purchaser, constitute the legal, valid and binding obligation of Seller, enforceable against such Seller in accordance with its terms, except to the extent that the enforceability thereof may be limited by the Equitable Exceptions.

5.4 No Defaults or Conflicts. Except as set forth in Schedule 5.4, the due execution, delivery and performance by Seller of the Ancillary Agreements to which Seller is or will be a party (if any) and this Agreement and the consummation by Seller of the transactions contemplated hereby (a) do not and will not result in any violation of the articles of incorporation or bylaws of Seller, (b) do not and will not in any material respect conflict with, result in the loss of any material benefit under, result in the termination, modification or cancellation of or a right of termination, modification or cancellation under, or accelerate the performance required under, or result in a material breach of any of the terms or provisions of, or constitute a material default under any material Acquired Contract which Seller is a party to, and (c) do not and will not violate in any material respect any existing applicable Law or Order of any Governmental Authority having jurisdiction over Seller.

5.5 No Governmental Authorization Required. No material authorization, approval or other action by, and no material notice to or filing with, any Governmental Authority will be required to be obtained or made by Seller in connection with the due execution, delivery and performance by Seller of

each Ancillary Agreement to which Seller is or will be a party (if any) and this Agreement and the consummation by Seller of the transactions contemplated hereby, except those that may be required solely by reason of participation by Purchaser or its Affiliates in the transactions contemplated hereby.

5.6 Financial Statements; No Undisclosed Liabilities; Financial Accounts.

(a) Seller has delivered or made available to Purchaser true and correct copies of the audited financial statements of Seller as of June 30, 2018, 2017 and 2016 and for the years then ended (the “Audited Financial Statements”). All of the Audited Financial Statements have been prepared from the books and records of Seller in accordance with GAAP consistently applied and fairly present in all material respects the financial condition of Seller as of their respective dates and the results of Seller’s operations for the periods covered thereby.

(b) Attached as Schedule 5.6(b) are select balance sheet items of the SBBC System as of April 30, 2019, May 31, 2019, June 30, 2019 and July 31, 2019 consisting of accounts receivable (other than any accounts receivable with respect to students who are not enrolled in the SBBC System as of such date), fixed assets and depreciation, estimated fixed assets and estimated depreciation, and deferred tuition (the “Latest Financial Statements” or the “Pro Forma Financial Statements”). The Pro Forma Financial Statements have been prepared from the books and records of Seller in accordance with GAAP consistently applied subject to normal and recurring year-end adjustments and the absence of notes.

(c) Except as set forth on Schedule 5.6(c), Seller does not have any Liabilities with respect to the SBBC System that would have been required to be reflected in, reserved against or otherwise described on a balance sheet in accordance with GAAP, consistently applied in accordance with past practice, and that were not so reflected, reserved against or described therein, other than Liabilities (i) disclosed in the Audited Financial Statements, (ii) incurred in the Ordinary Course of Business consistent with past practice, (iii) incurred under this Agreement or in connection with the transactions contemplated hereby, and (iv) that would not reasonably be expected, individually or in the aggregate, to be material.

5.7 Good Title; Sufficiency of Assets; Personal Property.

(a) Seller is in possession of and has good and marketable title to, or has valid leasehold interests in or valid rights under written agreements to use, all tangible personal property, equipment, plants, buildings, structures, facilities and all other tangible assets and properties used in or reasonably necessary for the conduct of the SBBC System. Except as set forth on Schedule 5.7(a), Seller has, and Purchaser shall receive at Closing, good and marketable title to the Acquired Assets, free and clear of all Encumbrances other than Permitted Encumbrances.

(b) Except for the Excluded Assets, the Acquired Assets comprise all of the assets that are necessary for Purchaser to conduct the SBBC System after the Closing Date in the same manner conducted by Seller prior to Closing and constitute all of the assets used by Seller in or for the SBBC System. Schedule 5.7(b) lists each location at which any tangible assets or properties of Seller included in the Acquired Assets are maintained.

(c) Schedule 5.7(c) contains a true, complete and correct list of each Contract pursuant to which Seller leases any equipment, furniture or fixtures or other items of tangible personal property (including, without limitation, all capital and operating leases) (the “Personal Property Leases”) with respect to the SBBC System. True, complete and correct copies of the written Personal Property Leases, including all amendments to such Personal Property Leases, and written descriptions of the material terms of any oral Personal Property Leases, including all amendments thereto, have been made available by Seller to Purchaser. Seller is not and, to the knowledge of Seller, no other party is in breach or violation of, or in

default under any Personal Property Lease, and Seller has not received any written (or, to the Knowledge of Seller, oral) notice of any such breach, violation or default thereunder.

5.8 Intellectual Property.

(a) Schedule 5.8(a) contains a list of all (i) issued patents and pending patent applications, (ii) registered Trademarks, (iii) copyright registrations and applications, and (iv) Domain Name registrations, in each case, used by the SBBC System and owned by Seller (collectively, the “SBBC System Registered Intellectual Property”).

(b) Schedule 5.8(b) contains a list of all written license agreements relating to the SBBC System to which Seller is a party (other than COTS Licenses) (each such license agreement, an “IP License”).

(c) (i) Seller is the sole and exclusive owner of the SBBC System Registered Intellectual Property, free and clear of all Encumbrances other than Permitted Encumbrances, and (ii) no Action is pending, or to the knowledge of Seller, is threatened, which challenges the validity, enforceability, registration, ownership or use of any of the SBBC System Registered Intellectual Property.

(d) Each item of the SBBC System Registered Intellectual Property (other than applications for SBBC System Registered Intellectual Property) is valid and subsisting as of the date of this Agreement. Seller has made all filings and payments and taken all other actions required to be made or taken to maintain each item of the SBBC System Registered Intellectual Property in full force and effect by the applicable deadline and otherwise in accordance with all applicable Law in all material respects.

(e) Seller has not in the past three (3) years infringed, misappropriated, diluted, or otherwise violated, any Intellectual Property of any other Person related to the SBBC System and the conduct of the SBBC System by Seller does not infringe, misappropriate, dilute, or otherwise violate, any Intellectual Property of any other Person. No infringement, misappropriation or similar claim or Action related to the SBBC System is pending or, to the knowledge of Seller, threatened in writing against Seller or against any other Person who is or may be entitled to be indemnified, defended, held harmless or reimbursed by Seller with respect to such claim or Action. Seller has not received any written charge, complaint, claim, demand, or notice since January 1, 2017 alleging any infringement, misappropriation, dilution, or other violation of the Intellectual Property of any other Person by Seller in its conduct of the SBBC System which has not been fully resolved. To the knowledge of Seller, no Person is infringing, misappropriating, diluting, or otherwise violating any Intellectual Property of Seller needed by Purchaser to conduct the SBBC System in the manner conducted (collectively, the “SBBC System Intellectual Property”) as of the date hereof .

(f) Seller owns or has a valid right to access and use all computer systems, programs, networks, hardware, software, software engines, database, operating systems, websites, website content and links and equipment used to process, store, maintain and operate data, information and functions owned, used or provided by the SBBC System (the “Seller IT Systems”). Other than as set forth on Schedule 5.8(f), the consummation of the transactions contemplated herein will not impair or interrupt in any material respect: (i) Purchaser’s access to and use of, or its right to access and use, Seller IT Systems or any third party databases or third party data used in connection with the business of SBBC System as currently conducted; and (ii) to the extent applicable, Seller’s customers’ (including student’s) access to and use of Seller IT Systems.

(g) Seller’s use or handling of Business Data with respect to the SBBC System does not, and at all times during the three (3) years immediately preceding the date of this Agreement did not,

violate any Law applicable to the collection, use, and disclosure of Business Data in any material respect. To the knowledge of Seller, Seller has not received any written notice from Governmental Authorities that Seller is or may be in violation of any data privacy or data security related Law with respect to the SBBC System.

5.9 Compliance with the Laws. Since January 1, 2017, Seller has been in material compliance with all Laws (other than Educational Laws) applicable to Seller related to the SBBC System, and no Action has been filed or commenced and is continuing against Seller related to the SBBC System, and Seller has not received any written notice or other written communication, alleging that Seller is not in compliance with any such Law (other than Educational Laws) related to the SBBC System. Except as set forth on Schedule 5.9, no event has occurred since January 1, 2017, and no circumstance exists, in each case that (with or without notice or lapse of time), would reasonably be expected to constitute or result in a material violation by Seller of, or a material failure on the part of Seller to comply with, any Law applicable to Seller (other than Educational Laws). Except as set forth on Schedule 5.9, since January 1, 2019, Seller has held with all permits, certificates, licenses, approvals, registrations and authorizations (other than Educational Approvals) necessary to operate the SBBC System in substantially the manner currently conducted (collectively, "Permits"), except where the failure to hold such Permits would not have a Material Adverse Effect, and such Permits are valid and in full force and effect.

5.10 Contracts.

(a) Schedule 5.10(a) sets forth a list, as of the date hereof, of all Contracts (other than Benefit Plans, Personal Property Leases, Leases, IP Licenses, and student enrollment agreements, which shall not constitute Material Contracts) to which Seller is a party and to which their respective assets or properties are subject or bound as of the date hereof and which constitutes an Acquired Contract (collectively, such Contracts referred to herein as the "Material Contracts"), which:

(i) Seller has been required to make minimum aggregate payments under of more than \$20,000 during the fiscal year ended June 30, 2018 or which Seller reasonably anticipate will, in accordance with the terms of such Contract, involve aggregate payments by Seller in excess of \$20,000 within the twelve (12) month period from and after the date hereof (other than purchase orders entered into in the Ordinary Course of Business) and that is not terminable upon 60 days' or less notice;

(ii) Seller has received minimum aggregate payments under of more than \$20,000 during the fiscal year ended June 30, 2018 or which Seller reasonably anticipate will, in accordance with the terms of such Contract, involve aggregate payments to Seller in excess of \$20,000 within the twelve (12) month period from and after the date hereof (other than purchase orders entered into in the Ordinary Course of Business) and that is not terminable upon 60 days' or less notice;

(iii) are partnership, joint venture or similar agreements;

(iv) are Contracts regarding acquisitions or dispositions of a material portion of the assets of the SBBC System that contain any ongoing or continuing obligations thereunder (including any indemnification obligations);

(v) are Contracts that contain non-competition, exclusivity or other similar restrictive provisions restricting the operations of the SBBC System in any respect following the Closing;

- (vi) involve any standstill or similar arrangement in effect on the date hereof;
- (vii) grant to any third party a right of first refusal, first offer or first negotiation of any kind related to the SBBC System to acquire any Acquired Assets;
- (viii) Seller has granted any exclusive marketing, sales representative relationship, franchising consignment or distribution right to any third party;
- (ix) are collective bargaining agreements or other Contracts with any labor union or association representing any SBBC System Employee;
- (x) are Contracts with any Governmental Authority;
- (xi) are Contracts for the purchase or sale of real property;
- (xii) are Contracts relating to any Indebtedness with a principal amount in excess of \$50,000;
- (xiii) are Contracts that are a mortgage, security agreement, capital lease or similar agreement that creates or grants an Encumbrance, other than a Permitted Encumbrance, on any Acquired Assets;
- (xiv) are Contracts, or a series of related Contracts, providing for capital expenditures in excess of \$20,000;
- (xv) are Contracts under which Seller has made, or that obligates Seller to make, a loan or capital contribution to, or investment in, any Person; and
- (xvi) are Contracts with any affiliate inquiry providers.

(b) With respect to each Material Contract, neither Seller, on one hand, nor, to the knowledge of Seller, any other party to any such Material Contract, on the other hand, is in material breach thereof or material default thereunder and there does not exist any event which, with the giving of notice or the lapse of time, would constitute such a material breach or default by Seller or, to the knowledge of Seller, any other party. Furthermore, with respect to each Material Contract, (i) such Material Contract is in full force and effect, constitutes a valid and binding obligation of Seller and, to the knowledge of Seller, each other party thereto, and is enforceable against each of them in accordance with its terms, except for the Equitable Exceptions; (ii) no event has occurred or circumstance exists which (with or without notice or lapse of time or both) would constitute a material breach of or default under, would cause or permit the termination or cancellation of, would cause any loss of benefit under, or would give rise to any right to accelerate the maturity or performance of any obligation under, such Material Contract; (iii) Seller has not provided to or received from any counterparty thereto any written notice regarding any actual or alleged breach of or default under (or of any condition which with the passage of time or the giving of notice or both would cause a breach of or default under) such Material Contract; and (iv) Seller has not provided to or received from any counterparty thereto any written notice announcing, contemplating or threatening to, and to the knowledge of Seller no counterparty thereto intends to: (A) terminate (other than Material Contracts that are expiring pursuant to their terms) or not renew such Material Contract, (B) seek the renegotiation of such Material Contract in any material respect, or (C) substitute performance under such Material Contract in any material respect. Seller has delivered or made available to Purchaser true, correct and complete copies of all written Material Contracts (including all amendments thereto).

5.11 Litigation. Other than Educational Agency Actions, which are addressed in Section 5.21(a)(v), except as set forth on Schedule 5.11, as of the date hereof, there are no Actions pending or threatened against any of Seller or, to the knowledge of Seller, any of their respective officers, directors, managers or employees (in their capacity as such) or any portion of their respective assets or properties. Except as set forth on Schedule 5.11, as of the date hereof, there has been no Order purporting to enjoin or restrain the execution, delivery and performance by Seller of the transactions contemplated hereby nor is Seller otherwise subject to any Order of, or settlement agreement with or subject to, any Governmental Authority. Except as would not have a Material Adverse Effect, there is no unsatisfied judgment, penalty or award, in each case against or affecting Seller or any of the Acquired Assets.

5.12 Taxes. Except as set forth on Schedule 5.12,

(a) Timely Filing of Tax Returns. All Tax Returns required to be filed by or with respect to Seller has been timely (within any applicable extension periods) filed, and all such Tax Returns are true, complete and correct in all material respects.

(b) Payment of Taxes. Seller, within the time and in the manner prescribed by applicable Law, have paid all Taxes that are due and payable (whether or not shown as due on a filed Tax Return) prior to the Closing.

(c) No Tax Liens. There are no Encumbrances for Taxes on any of the assets of Seller other than Permitted Encumbrances.

(d) Audits. No proceeding concerning any Taxes or Tax Return of Seller is pending or being conducted or, to the knowledge of Seller, has been threatened in writing, claimed in writing or raised in writing by a Governmental Authority. None of Seller's Tax Returns are being audited or are currently the subject of an audit.

(e) Claims by Governmental Authorities. During the preceding three (3) years, no claim has been made in writing by a Governmental Authority in a jurisdiction where Seller does not file Tax Returns that it or its assets are or may be subject to taxation by that jurisdiction. Neither Seller nor any of its respective Affiliates has entered into any voluntary disclosure agreements with any Governmental Authority regarding Taxes.

(f) Consolidated Groups. None of Seller is or has ever been a member of an affiliated group with which it has filed (or been required to file) consolidated, combined, unitary or similar Tax Returns, other than a group of which the common parent is Seller.

(g) Limitation. Except for certain representations related to Taxes in Section 5.13, the representations and warranties set forth in this Section 5.12 are Seller's sole and exclusive representations and warranties regarding Tax matters.

5.13 Employee Benefit Plans.

(a) Schedule 5.13(a) contains a true and complete list of each "employee benefit plan" (within the meaning of Section 3(3) of ERISA), stock purchase, stock option, severance, phantom stock, employment, change-in-control, fringe benefit, collective bargaining, bonus, incentive, deferred compensation, profit sharing, pension, retirement and all other employee benefit plans, agreements, programs, policies or other arrangements, whether or not subject to ERISA, which is or has been maintained, sponsored, contributed to, or required to be contributed to, by Seller or any ERISA affiliate for the benefit of any SBBC System Employee or under which Seller or any ERISA Affiliate has any present

material Liability with respect to any SBBC System Employee (other than any “multiemployer plan” as defined in Section 3(37) of ERISA (a “Multiemployer Plan”). All such plans, agreements, programs, policies and arrangements set forth on Schedule 5.13(a) shall be collectively referred to as the “Benefit Plans.”

(b) Neither Seller nor any ERISA Affiliate has ever been a participating employer in, made contributions to or been obligated make contributions to any Multiemployer Plan.

(c) No Benefit Plans provide for, and no written or oral agreements have been entered into promising or guaranteeing, medical, dental, vision or other welfare benefit insurance coverage for any SBBC System Employees or former employees, their spouses, or their dependents or beneficiaries for any period of time beyond termination of employment (except to the extent of coverage required under Section 4980B of the Code or Title I, Part 6, of ERISA (“COBRA”).

(d) Except as set forth on Schedule 5.13(d), neither Seller nor any ERISA Affiliate has been liable at any time for contributions to a plan that is or has been at any time subject to Section 412 of the Code, Section 302 of ERISA and/or Title IV of ERISA.

(e) No union contracts or agreements between Seller and any collective bargaining group are currently in effect, nor have any such contracts ever been in effect, related to the SBBC System.

(f) With respect to any Benefit Plan, no actions, suits or claims (other than routine claims for benefits in the ordinary course) are pending or, to the knowledge of Seller, threatened.

(g) Neither the execution of this Agreement nor the consummation of the transactions contemplated under this Agreement will result in the payment of an “excess parachute payment” within the meaning of Section 280G of the Code.

(h) The representations and warranties set forth in this Section 5.13 are the Seller’s sole and exclusive representations and warranties regarding employee benefit matters and the Benefit Plans.

5.14 Employee and Labor Matters. (a) There is not pending or, to the knowledge of Seller, threatened, any labor strike, walk-out, slowdown, work stoppage or lockout with respect to the SBBC System, (b) Seller has not received written notice of any unfair labor practice charges against Seller with respect to the SBBC System that are pending before the National Labor Relations Board or any similar state, local or foreign Governmental Authority and (c) Seller has not received written notice of any pending or in progress and, to the knowledge of Seller, there are no threatened in writing, Actions in connection with Seller with respect to the SBBC System before the Equal Employment Opportunity Commission or any similar state, local or foreign Governmental Authority responsible for the prevention of unlawful employment practices. Schedule 5.14 sets forth any employment, retention, severance or related agreements providing for any change-in-control, transaction bonus, retention or similar provisions that may be implicated in connection with the transactions contemplated by this Agreement. With respect to the SBBC System, Seller (A) is in compliance in all material respects with all applicable Laws, agreements and contracts relating to the SBBC System Employees, workplace practices, and terms and conditions of employment with or retention by Seller, including all such Laws, agreements and contracts relating to wages, hours, collective bargaining, employment discrimination, immigration, disability, civil rights, fair labor standards, occupational safety and health, workers’ compensation, pay equity and wrongful discharge, and (B) has timely obtained or prepared and, if applicable, filed all appropriate forms (including United States Citizenship and Immigration Services Form I-9) required by any relevant Law or Governmental Authority, except as would not have a Material Adverse Effect. With respect to the SBBC System, Seller properly classifies in all material respects all applicable Persons as employees, independent contractors,

leased employees or as persons exempt from overtime pay. Seller has provided to Purchaser a complete and correct list of all SBBC System Employees who work on campuses of the Schools which sets forth the following information with respect to each: (1) name; (2) title or position; (3) hire date; (4) current annual or hourly base compensation rate; (5) active or inactive status and, if applicable, the reason for inactive status; (6) full-time or part-time status; (7) exempt or non-exempt status; (8) employment location; and (8) to the knowledge of Seller, any union affiliation.

5.15 Environmental Compliance. Except as would not have a Material Adverse Effect, to knowledge of Seller, (a) Seller is in material compliance with applicable Environmental Laws with respect to the SBBC System, (b) Seller has all permits, authorizations and approvals required under any applicable Environmental Laws with respect to the SBBC System and is in compliance with their respective requirements, (c) there are no pending or, to the knowledge of Seller, threatened, Environmental Claims against the Leased Property, (d) there have been no Releases of Hazardous Substances at, on or under any currently Leased Property that is reasonably likely to give rise to Liability under Environmental Laws, (e) Seller has not received written notice of any pending or, to the knowledge of Seller, threatened Action from any Governmental Authority or third party that remain outstanding alleging that Seller is in violation of, or have Liability under, applicable Environmental Laws with respect to the SBBC System, (f) Seller has no ongoing obligation pursuant to a consent decree or other settlement for an alleged violation of or Liability under applicable Environmental Laws with respect to the SBBC System, and Seller has not undertaken any action regulated under Environmental Laws with respect to the SBBC System, including any remediation, pursuant to a contractual indemnity in favor of a third party, and (g) there are no claims pending or, to the knowledge of Seller, threatened against Seller with respect to Releases of Hazardous Substances at, on, or under the Leased Property. The representations and warranties set forth in this Section 5.15 are the exclusive representations and warranties made by Seller with respect to Environmental Claims and matters arising under or pursuant to Environmental Laws.

5.16 Insurance.

(a) Schedule 5.16(a) sets forth a complete and accurate list of all Insurance Policies with respect to the SBBC System, setting forth, in respect of each such Insurance Policy: (i) the policy number and (ii) the insurer.

(b) With respect to each Insurance Policy: (i) such Insurance Policy is in full force and effect and enforceable in accordance with its terms; (ii) Seller and, to the knowledge of Seller, each other party to such Insurance Policy are in compliance with the terms and provisions of such Insurance Policy in all material respects; and (iii) all premiums for such Insurance Policy have been paid in full.

5.17 Real Property.

(a) As of the date hereof, Seller does not own any real property. Schedule 5.17(a) sets forth an accurate and complete list of each Lease for the Leased Property.

(b) Except as set forth on Schedule 5.17(b), no Persons other than Seller has the right to use any Leased Property and there are no facilities or services at the Leased Property which are used by the CAU System. Seller has not received written notice of any pending or, to the knowledge of Seller, threatened condemnation proceedings, expropriation proceedings or other proceedings in eminent domain relating to any Leased Property. Seller has a valid leasehold interest in all of the Leased Property, free and clear of all Encumbrances except Permitted Encumbrances.

(c) Each Lease is a valid and binding agreement of Seller, enforceable in accordance with its terms, except for the Equitable Exceptions. Seller is not in material default of, or has received any

written notice of any default or event that, with notice or lapse of time, or both, would constitute a material default by Seller under any Lease. To the knowledge of Seller, no other party to a Lease is in default of such Lease. Seller has delivered to Purchaser a true and complete copy of each Lease and all guaranties and other agreements with respect thereto. Seller enjoys peaceful and undisturbed possession or quiet enjoyment under the Leases, and, to the knowledge of Seller, there are no disputes pending or threatened with respect to any Lease. Other than (i) those agreements, arrangements or understandings that are contemplated by this Agreement and the Ancillary Agreements, and (ii) any agreements for sublease, license, holding, use or occupancy that would not reasonably be expected, individually or in the aggregate, to materially interfere with the conduct of the SBBC System in substantially the manner currently conducted, Seller has not subleased, licensed or otherwise granted any Person the right to use or occupy such Leased Property.

5.18 Affiliate Transactions. Except as disclosed on Schedule 5.18, no Owner, Affiliate of any Owner, or any of Seller's directors, officers, employees, agents, shareholders, or Affiliates (a) has any interest in any property (whether real, personal, or mixed and whether tangible or intangible), used in or pertaining to the SBBC System; (b) owns, of record or as a beneficial owner, an equity interest or any other financial or profit interest in any Person that (i) has business dealings or a material financial interest in any transaction with Seller pertaining to the SBBC System, or (ii) other than with respect to the CAU System, engages in competition with the SBBC System; (c) is a party to any Acquired Contract with Seller; or (d) has any cause of action or other claim whatsoever against Seller except for claims in the ordinary course of business such as for salary, wages, or accrued benefits under employee benefit plans.

5.19 Absence of Certain Developments. Except as otherwise contemplated by this Agreement, during the period from the Balance Sheet Date to the date of this Agreement, (a) Seller has conducted the SBBC System in the Ordinary Course of Business in all material respects (other than with respect to the sale process in connection with the transactions contemplated by this Agreement) and (b) there has been no Material Adverse Effect.

5.20 Brokers. No broker, finder or similar intermediary has acted for or on behalf of Seller in connection with this Agreement or the transactions contemplated hereby, and no broker, finder, agent or similar intermediary is entitled to any broker's, finder's or similar fee or other commission in connection therewith based on any agreement with Seller or any action taken by Seller.

5.21 Education Regulatory Matters.

(a) Since January 1, 2017 (the "Compliance Date"):

(i) Each School has maintained all Educational Approvals from Educational Agencies necessary to operate the School in the manner it was or is operated, including Educational Approvals necessary to offer its educational programs and to operate its locations. Except as set forth on Schedule 5.21(a)(i), neither Seller nor any School has received any notice that the School is in violation of any of the terms or conditions of any Educational Approval, or alleging the failure to hold or obtain any Educational Approval required by any applicable Educational Law. Set forth in Schedule 5.21(a)(i) is a true, correct, and complete list of all Educational Approvals issued to the Schools since the Compliance Date, as well as the effective period for each such approval.

(ii) Each educational program offered by the Schools for which Title IV Program funds have been provided has been and is (A) an "eligible program" as defined by the USDE and has been offered in material compliance with the requirements of 34 C.F.R. §§ 668.8, 668.9 and 668.14(b)(26), including the requirements regarding the length of educational programs, (B) approved by the School's institutional Accrediting Body or included within the scope of the School's grant of accreditation from its institutional Accrediting Body, (C) accredited programmatically by a programmatic

Accrediting Body if such accreditation is required by an Educational Agency or Governmental Authority in the state in which the educational program is offered, and (D) except as set forth in Schedule 5.21(a)(ii) in material compliance with applicable educational prerequisites for professional licensure, and certification requirements, imposed by any Educational Agency or Governmental Authority in the state in which the educational program is offered in order for a graduate to be qualified to work, or find employment in, an occupation for which the School represents or has represented the educational program prepares the student to enter.

(iii) Schedule 5.21(a)(iii) lists all certification or licensure tests for which Seller or any School represents or has represented in writing its educational programs prepare students since the Compliance Date. Except as set forth on Schedule 5.21(a)(iii), since the Compliance Date, no School has received any communication from any applicable licensing body indicating that pass rates for graduates of such School are insufficient or otherwise unacceptable to allow such graduates to sit for any licensing examination, and no applicable licensing body has issued a communication stating its intent to Seller or the Schools to revoke the eligibility of any Schools' graduates to take any such licensing examination.

(iv) Except as set forth on Schedule 5.21(a)(iv), each School has been in material compliance with all applicable Educational Laws and the terms and conditions of all Educational Approvals issued to or held by such School. No School has been subject to any adverse action by any Educational Agency to revoke, withdraw, deny, suspend, condition, or limit an Educational Approval (including being directed to show cause why an Educational Approval should not be revoked, withdrawn, conditioned, suspended or limited), and there are no proceedings pending, nor, to the knowledge of Seller, threatened, to revoke, withdraw, suspend, limit, condition, or place on probation any Educational Approval, or to require any School to show cause why any Educational Approval should not be revoked.

(v) Except as set forth on Schedule 5.21(a)(v), there has been no Action, compliance audit, program review, or investigation initiated by or before any Educational Agency, including any entity that administers any Student Financial Assistance program, relating to Seller, or any School (each, an "Educational Agency Action"). Except as set forth in Schedule 5.21(a)(v), to the knowledge of Seller, Seller has not received written notice of any fact, circumstance, or omission concerning Seller that is likely to lead to any Educational Agency Action.

(vi) Each School is in compliance with the definition of a "proprietary institution of higher education" as defined in 34 C.F.R. § 600.5.

(vii) Each School has been a party to and is in material compliance with a valid and effective PPA with the USDE.

(viii) Each School has complied in all material respects with all requirements of 34 C.F.R. § 600.9 to the extent such requirements are or were validly in effect.

(ix) Seller and the Schools have complied in all material respects with the applicable requirements of 34 C.F.R. Part 668 Subpart F. Without limiting the generality of the foregoing, since the Compliance Date, each School has complied in all material respects with any Educational Laws regarding misrepresentation, and (A) has not included in its catalogs, advertising literature, or other marketing materials any reference to any Educational Approval that the School did not at the time possess, or (B) misrepresented to prospective or enrolled students that any academic program provided by the School prepares students for any certification, licensure or employment test for which the School is or was not qualified or authorized to prepare students.

(x) No School has received greater than 90% of its revenues from the Title IV Programs in any fiscal year, as such percentage is required to be calculated pursuant to 34 C.F.R. §§ 668.14 and 668.28.

(xi) Each School has been in compliance with the requirements set forth at 20 U.S.C. § 1094(a)(20) and 34 C.F.R. § 668.14(b)(22) regarding the payment of any commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any person or entity engaged in any student recruiting or admission activities or in making decisions regarding the awarding of Title IV Program funds.

(xii) Except as set forth on Schedule 5.21(a)(xii), each School has calculated and paid refunds and calculated dates of withdrawal and leaves of absence in material compliance with all applicable Educational Laws.

(xiii) Schedule 5.21(a)(xiii) sets forth, to the knowledge of Seller, a correct and complete list of each School's official cohort default rates, as calculated by the USDE pursuant to 34 C.F.R. Part 668 Subpart N, for the three most recently completed federal fiscal years for which such official rates have been published, together with each School's most recently issued draft cohort default rate.

(xiv) Schedule 5.21(a)(xiv) sets forth the "composite scores" as calculated by the USDE in accordance with 34 C.F.R. § 668.172 and 34 C.F.R. Part 668, Subpart L, Appendix A, for each fiscal year ending on or after the Compliance Date (other than the fiscal year ended June 30, 2019) based upon the audited financial statements submitted to the USDE by Seller for the postsecondary institutions operated by Seller, which include the SBBC System.

(xv) Except as set forth on Schedule 5.21(a)(xv)(i), for the fiscal years ended since the Compliance Date, the postsecondary institutions operated by Seller, which include the SBBC System, have complied in all material respects with the standards of financial responsibility in accordance with 34 C.F.R. §§ 668.171-175, as applicable. Except as set forth in Schedule 5.21(a)(xv)(ii), the USDE has not required or requested that any School, the SBBC System, or Seller post a letter of credit or bond or other form of surety for any reason, including any request for a letter of credit based on late refunds pursuant to 34 C.F.R. § 668.173, or required or requested that Seller, any School, or the SBBC System process Title IV Program funds under the reimbursement or heightened cash monitoring procedures set forth at 34 C.F.R. § 668.162(c) or (d)(2).

(xvi) The Schools have at all times complied in all material respects with the limitations in 34 C.F.R. § 600.7. To the knowledge of Seller, since the Compliance Date, no School has provided any portion of an education program by correspondence, or admitted students who were incarcerated or had neither a high school diploma nor the recognized equivalent of a high school diploma.

(b) Set forth in Schedule 5.21(b) is a true, correct, and complete list, including full addresses and dates of operation, of each campus, additional location, branch, facility, or other location where the Schools have, at any point since the Compliance Date, offered all or any portion of any educational program.

(c) Schedule 5.21(c) contains a complete listing of all Student Financial Assistance programs in which the Schools have participated at any point since the Compliance Date, including a notation to identify those Student Financial Assistance programs that are currently available to students of the Schools.

(d) Excluding the Purchaser's Educational Consents, and except for the Educational Consents set forth in Schedule 5.21(d)(i), which schedule identifies the Pre-Closing Educational Consents to be obtained pre-Closing, and the Educational Consents set forth in Schedule 5.21(d)(ii), which schedule identifies the Post-Closing Educational Consents to be obtained post-Closing, no filings, notices, reports, consents, registrations, approvals, permits or authorizations are required to be made with or obtained from any Educational Agency by any School, Seller, or the SBBC System in connection with the execution, delivery and performance by Seller of this Agreement and the Ancillary Agreements to which they are a party and the consummation of the transactions contemplated hereby and thereby.

(e) None of Seller, any Person that exercises Substantial Control over Seller or any member of such Person's family (as the term "family" is defined in 34 C.F.R. § 600.21(f)), alone or together, (i) exercises or exercised Substantial Control over an institution or third-party servicer (as that term is defined in 34 C.F.R. § 668.2) that owes a liability for a violation of a Title IV Program requirement or (ii) owes a liability for a violation of a Title IV Program requirement.

(f) None of Seller or any chief executive officer of Seller, has pled guilty to, has pled *nolo contendere* to or has been found guilty of a crime involving the acquisition, use or expenditure of funds under the Title IV Programs or has been judicially determined to have committed Fraud involving funds under the Title IV Programs.

(g) To the knowledge of Seller, the SBBC System does not employ any individual or entity in a capacity that involves the administration or receipt of funds under the Title IV Programs, or contract with any institution or third-party servicer, that has been terminated under the Title IV Programs for a reason involving the acquisition, use or expenditure of funds of a Governmental Authority or Educational Agency, has been convicted of, or pled *nolo contendere* or guilty to, a crime involving the acquisition, use or expenditure of funds of a Governmental Authority or Educational Agency or has been administratively or judicially determined to have committed Fraud or any other violation of Law or Educational Law involving, respectively, funds of any Governmental Authority or Educational Agency.

(h) To the knowledge of Seller, Seller does not contract with any institution or third-party servicer that has been terminated under Section 432 or 487 of the HEA for a reason involving the acquisition, use or expenditure of funds of a Governmental Authority or Educational Agency, or has been administratively or judicially determined to have committed Fraud or any other violation of Law or Educational Law involving, respectively, funds of any Governmental Authority or Educational Agency.

(i) At no time has Seller or any Affiliate of Seller that has the power, by contract or ownership interest, to direct or cause the direction of the management or policies of the SBBC System filed for relief in bankruptcy or had entered against it an order for relief in bankruptcy.

(j) Seller does not contract with or employ any Person that has been, or whose officers or employees have been, convicted of, or pled *nolo contendere* or guilty to, a crime involving the acquisition, use or expenditure of funds of any Governmental Authority or Educational Agency, or administratively or judicially determined to have committed Fraud or any other violation of Law or Educational Law involving, respectively, funds of any Governmental Authority or Educational Agency.

(k) None of Seller or any principal (as such term is defined in 2 C.F.R. Parts 180 and 3485) or affiliate (as such term is defined in 2 C.F.R. Part 180) of Seller is debarred or suspended under 2 C.F.R. Part 180, 2 C.F.R. 3485, 48 C.F.R. Part 9, or 48 C.F.R. Part 3409, nor does cause exist for such debarment or suspension.

(l) Seller has provided to Purchaser true and complete copies of all material correspondence received from or sent by or on behalf of Seller, the SBBC System, or any Schools to any Educational Agency since the Compliance Date, but specifically excluding general correspondence routinely sent to, or received from, any Educational Agency concerning non-material matters.

5.22 Accounts Receivable. All notes and accounts receivable of the SBBC System that are reflected on the accounting records of the Schools (collectively, the “Accounts Receivable”) as of July 31, 2019, represent valid obligations arising from sales actually made or services actually performed in the ordinary course of business. The Accounts Receivable as of July 31, 2019, are current and collectible, in accordance with their terms at their recorded amounts, net of the respective reserves shown on the Latest Financial Statements. There is no contest, claim or right of set-off under any Contract with any obligor of such Accounts Receivable relating to the amount or validity of such Accounts Receivable, subject to student refund or return of funds policies administered in accordance with applicable Educational Laws.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Seller as follows:

6.1 Organization. Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of California, with requisite corporate power and authority to own its properties and carry on its business in all material respects as presently owned or conducted, except where the failure to be so organized, existing and in good standing or to have such power or authority would not reasonably be expected, individually or in the aggregate, to materially impair Purchaser’s ability to effect the transactions contemplated hereby.

6.2 Binding Obligation. Purchaser has all requisite corporate authority and power to execute, deliver and perform each Ancillary Agreement to which it is or will be a party (if any) and this Agreement and to consummate the transactions contemplated hereby and thereby. Each Ancillary Agreement to which Purchaser is or will be a party (if any), this Agreement and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action on the part of Purchaser and no other corporate proceedings on the part of Purchaser is necessary to authorize the execution, delivery and performance of the Ancillary Agreements, this Agreement and the consummation of the transactions contemplated hereby and thereby by Purchaser. Each Ancillary Agreement to which Purchaser is or will be a party (if any) has been or will be, and this Agreement has been, duly executed and delivered by Purchaser and, assuming that such Ancillary Agreements and this Agreement constitute the legal, valid and binding obligations of Seller, constitute the legal, valid and binding obligations of Purchaser, enforceable against Purchaser in accordance with its terms, except to the extent that the enforceability thereof may be limited by the Equitable Exceptions.

6.3 No Defaults or Conflicts. The due execution, delivery and performance by Purchaser of this Agreement and the consummation by Purchaser of the transactions contemplated hereby (a) do not result in any violation of the articles of incorporation or bylaws or other constituent documents of Purchaser, (b) do not, in any material respect, conflict with, or result in a breach of any of the terms or provisions of, or constitute a default under any indenture, mortgage or loan or any other agreement or instrument to which Purchaser is a party or by which it is bound or to which its properties may be subject, and (c) do not violate any existing applicable Law or Order of any Governmental Authority having jurisdiction over Purchaser or any of its properties; provided, however, that no representation or warranty is made in the foregoing clauses (a) or (c) with respect to matters that would not reasonably be expected, individually or in the aggregate, to materially impair Purchaser’s ability to effect the transactions contemplated hereby.

6.4 No Authorization or Consents Required. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority will be required to be obtained or made by Purchaser in connection with the due execution, delivery and performance by Purchaser of this Agreement and the consummation by Purchaser of the transactions contemplated hereby; provided, however, that no representation or warranty is made with respect to authorizations, approvals, notices or filings with any Governmental Authority that, if not obtained or made, would not reasonably be expected, individually or in the aggregate, to materially impair Purchaser's ability to effect the transactions contemplated hereby.

6.5 Brokers. No broker, finder or similar intermediary has acted for or on behalf of Purchaser in connection with this Agreement or the transactions contemplated hereby, and no broker, finder, agent or similar intermediary is entitled to any broker's, finder's or similar fee or other commission in connection therewith based on any agreement with Purchaser or any action taken by Purchaser.

6.6 Litigation. There are no Actions or Educational Agency Actions pending or, to Purchaser's knowledge, threatened against any of Purchaser or any Affiliate of Purchaser that seek to enjoin or restrain the execution, delivery and performance by Purchaser of the transactions contemplated hereby. There has been no Order purporting to enjoin or restrain the execution, delivery and performance by Purchaser of the transactions contemplated hereby.

6.7 Consents. To Purchaser's knowledge, there exists no facts or circumstances attributable to the Purchaser, or other Person that exercises substantial control with respect to the Purchaser that would, individually or in the aggregate, materially adversely affect the Purchaser's ability to obtain any Purchaser's Educational Consent or Sellers' or the Schools' ability to obtain any Pre-Closing Educational Consent, Post-Closing Educational Consent, Educational Approval or other consent or approval that must be obtained in order to consummate the transactions contemplated herein. Except for the Purchaser's Educational Consents, no filings, notices, reports, consents, registrations, approvals, permits or authorizations are required to be made with or obtained from any Educational Agency by Purchaser in connection with the execution, delivery and performance by Purchaser of this Agreement and the Ancillary Agreements to which it is a party and the consummation of the transactions contemplated hereby and thereby, except those that would not have a Material Adverse Effect.

ARTICLE 7

COVENANTS

7.1 Conduct of Seller Prior to the Closing.

(a) Until the earlier to occur of the termination of this Agreement and the Closing Date, except: (A) as set forth on Schedule 7.1; (B) as expressly required by this Agreement; or (C) with the prior written consent of Purchaser (which consent shall not be unreasonably withheld, conditioned or delayed), Seller shall:

(i) operate the SBBC System in all respects in the Ordinary Course of Business, except as expressly provided herein to consummate the transactions contemplated hereby; provided, however, that Seller is not required to market the SBBC System to potential students, and is permitted to stop enrollment of students, other than with respect to the SBBC System's vocational nursing program; and

(ii) use commercially reasonable efforts to maintain and preserve intact its business organization, assets and properties and its existing relationships with and goodwill of those having business relationships with Seller with respect to the SBBC System in all material respects.

(b) Without limiting the generality of Section 7.1(a) until the earlier to occur of the termination of this Agreement and the Closing Date, except: (A) as expressly required by this Agreement; (B) with the prior written consent of Purchaser (which consent shall not be unreasonably withheld, conditioned or delayed); or (C) as set forth on Schedule 7.1, Seller shall not:

(i) sell, transfer, assign, convey, lease, license or otherwise dispose of any of the material Acquired Assets, other than (A) inventory or supplies sold or used or licenses of Intellectual Property in the Ordinary Course of Business or (B) pursuant to any Contract in existence on the date hereof;

(ii) mortgage, pledge or subject to any Encumbrance (other than Permitted Encumbrances) any portion of the Acquired Assets;

(iii) with respect to the SBBC System, make any capital expenditures or commitments therefor in excess of \$25,000 individually or \$100,000 in the aggregate;

(iv) (A) sell, issue, grant, mortgage, pledge, subject to any Encumbrance (other than Permitted Encumbrances), transfer or otherwise dispose of: (1) any Equity Interests of Seller; or (2) any securities or rights convertible into, exchangeable for, or evidencing the right to subscribe for, any Equity Interests of Seller or other equity interests or securities of Seller; (B) sell, issue or grant any options, warrants, puts, calls, subscriptions, commitments or other rights of any character relating to the issuance, sale, purchase, conversion, exchange, registration, voting or transfer of any Equity Interests of Seller or other equity interests of Seller, or any securities or rights convertible into, exchangeable for, or evidencing the right to subscribe for, any Equity Interests of Seller or other equity interests or securities of Seller; (C) redeem, repurchase or otherwise acquire any Equity Interests of Seller or other equity interests or securities of Seller; or (D) combine, split, subdivide or reclassify any Equity Interests of Seller or other equity interests or securities of Seller;

(v) with respect to the SBBC System, except as required by Law or the terms of any Benefit Plan in effect as of the date hereof, and except in the Ordinary Course of Business: (A) increase the compensation payable or to become payable to, or increase any of the benefits provided or to be provided to, any SBBC Employee; (B) grant, commit to pay or increase the rate or terms of any retention, severance, change of control or termination pay to any SBBC Employee; (C) amend or accelerate the payment, right to payment, or vesting of any compensation or benefits of any SBBC Employee; or (D) terminate, renew, modify or amend any existing, or adopt, establish or enter into any new, Benefit Plan or employment policy relating to vacation pay, sick pay, disability coverage or severance pay, in each case with, for or in respect of any SBBC Employee;

(vi) [Intentionally Omitted];

(vii) engage in any merger, consolidation, reorganization, recapitalization, complete or partial liquidation, dissolution or similar transaction or file a petition in bankruptcy under any provision of federal or state bankruptcy Law or consent to the filing of any bankruptcy petition against it under any similar Law;

(viii) except as required by GAAP or Law, would not adversely impact Purchaser or in the Ordinary Course of Business: (A) make or change any material Tax election; (B) change any annual Tax accounting period; (C) adopt or change any method of Tax accounting; (D) file any amended Tax Return (or similar report filed by Seller); (E) enter into any Tax closing agreement; (F) settle or compromise any Tax claim or assessment; (G) surrender any right to claim

any material Tax refund, offset or other reduction in liability; or (H) consent to any extension or waiver of the limitations period applicable to any material Tax claim or assessment;

(ix) except as required by GAAP, make any material change in its accounting methodologies, practices, estimation techniques, assumptions, principles, policies or procedures with respect to the SBBC System;

(x) fail to maintain in full force and effect any of the Insurance Policies with respect to the SBBC System;

(xi) (A) enter into any Contract that, if in effect on the date hereof, would constitute a Material Contract; or (B) terminate or materially amend or modify in any material respect adverse to Seller any Material Contract; or

(xii) enter into any Contract, or otherwise agree or commit, to take, or authorize, recommend or propose, in writing or otherwise, any of the actions prohibited by this Section 7.1(b).

7.2 Regulatory Filings; Consents; Etc.

(a) Subject to the terms and conditions of this Agreement, each of the Parties will use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable under applicable Law and Educational Law to consummate the transactions contemplated by this Agreement, including (i) preparing and filing as promptly as practicable with any Governmental Authority or Educational Agency all documentation necessary to effect all filings, notices, petitions, statements, registrations, submissions of information, applications and other documents, including the submission of Purchaser Financials to USDE and other Educational Agencies as required to obtain Pre-Closing Educational Consents, and (ii) obtaining and maintaining all approvals, consents, registrations, permits, authorizations and other confirmations, in each case, required to be made with or obtained from any Governmental Authority or Educational Agency that are necessary, proper or advisable to consummate the transactions contemplated by this Agreement, including the Pre-Closing Educational Consents (collectively, the "Regulatory Approvals"). In furtherance and not in limitation of the foregoing, each Party and its respective Affiliates will not enter into any agreement with any Governmental Authority or Educational Agency not to consummate the transactions contemplated hereby, except with the prior written consent of the other Parties.

(b) In furtherance and not in limitation of the foregoing, each Party will, and will cause its respective Affiliates to, (i) make or cause to be made the filing, as promptly as practicable, and in any event by no later than ten (10) days following the date of this Agreement, of a USDE Preacquisition Review Application for each School in the SBBC System, (ii) make or cause to be made the filing, as promptly as practicable, and in any event by no later than twenty (20) days following the date of this Agreement, of the applicable documents with ACICS for a change of institutional control, and (iii) with respect to all other Pre-Closing Educational Consents, promptly file all required applications, notices, reports and other filings so as to permit the Closing to occur prior to the Termination Date.

(c) Further, and without limiting the generality of the rest of this Section, Seller shall reasonably cooperate, as promptly as practicable, in all respects with Purchaser, at the sole cost and expense of Purchaser, and Purchaser will use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable under applicable Educational Law to obtain the Post-Closing Educational Consents and Purchaser's Educational Consents.

(d) Each Party will use its reasonable best efforts to furnish to the other Party all information required for any application or other filing to be made pursuant to any applicable Law or Educational Law in connection with the transactions contemplated by this Agreement (including, to the extent permitted by Law or Educational Law, responding to any reasonable requests for copies of documents filed with the non-filing Party's prior filings). Any Party may, as it deems advisable and necessary, reasonably designate any competitively sensitive material provided to the other Parties under this Section 7.2(d) as "outside counsel only." Such materials and the information contained therein will be given only to the outside legal counsel of the recipient, and the recipient will cause such outside counsel not to disclose such materials or information to any employees, officers, directors or other Representatives of the recipient or their Affiliates, unless express written permission is obtained in advance from the source of the materials.

(e) Prior to the Closing, neither Party will initiate substantive communications with any Educational Agency regarding the transactions contemplated herein without the prior consent and cooperation of the other Party; provided, however, that nothing in this Section 7.2(e) shall (i) restrict any Party, any School, or its counsel from receiving and responding to unsolicited telephone inquiries from representatives of any Educational Agency or Governmental Authority requesting additional information or clarification of previously filed or submitted information, or (ii) prevent Seller from making inquiries regarding the status of an Educational Agency or Governmental Authority review of previously filed or submitted information. Each Party will promptly inform the other Party of any substantive communication with, and provide copies of substantive written communications with, any Governmental Authority or Educational Agency regarding any filings or submissions related to the transactions contemplated by this Agreement. Prior to attending any scheduled meetings, telephone calls or discussions (excluding such unsolicited telephone inquiries from representatives of any Educational Agency or Governmental Authority), Purchaser and Seller shall discuss and agree upon strategy and issues to be pursued and responses to likely questions. Neither Seller nor Purchaser will make any filing or formal submission to an Educational Agency related to the consummation of the transactions contemplated by this Agreement without providing the other Party an opportunity to review and approve such filing, nor will Seller or Purchaser independently participate in any formal meeting with any Governmental Authority or Educational Agency in respect of any filings, investigation or other inquiry related to the consummation of the transactions contemplated by this Agreement without giving the other Party prior notice of the meeting and, to the extent permitted by such Governmental Authority or Educational Agency, the opportunity to attend and/or participate. Subject to applicable Law and Educational Law, Seller will consult and cooperate with Purchaser in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of Seller or any School in connection with seeking the Regulatory Approvals. Purchaser will pay all filing fees in connection with all filings under Educational Laws.

(f) In furtherance of and not in limitation of the actions and obligations described in this Section 7.2, each Party will use its reasonable best efforts to resolve such objections, if any, as may be asserted by any Governmental Authority or Educational Agency with respect to the transactions contemplated by this Agreement in connection with the Educational Consents.

7.3 Third Party Approvals and Permits .

(a) Except with respect to Regulatory Approvals that are addressed in Section 7.2 and the Leases that are addressed in Section 7.10, subject to the terms and conditions of this Agreement, prior to the Closing, each Party will, and will cause its respective Affiliates to, use commercially reasonable efforts to, obtain the consents, waivers, approvals, and authorizations set forth on Schedule 7.3(a) (the "Third Party Approvals") necessary to transfer and assign the rights under Material Contracts that are

material to the operation of the SBBC System that require any such consent, waiver, approval, or authorization (each, a “Non-Assignable Contract”).

(b) To the extent that any such Third Party Approvals have not been obtained by Seller as of the Closing, neither this Agreement nor any action taken pursuant to its provisions shall constitute an assignment or an assumption or an agreement to assign or assume. Unless otherwise directed by Purchaser, Seller shall, during the one hundred twenty (120) day period following the Closing Date, use commercially reasonable efforts, at the sole cost and expense and at the risk of Purchaser, to (i) cooperate with Purchaser to obtain the consent of the applicable third party, (ii) make the benefit of such Non-Assignable Contracts available to Purchaser and (iii) enforce, at the request of Purchaser and at the expense and for the account of Purchaser, any rights of Seller arising from Non-Assignable Contracts against the other party or parties thereto (including the right to elect to terminate any such Non-Assignable Contract in accordance with the terms thereof).

(c) Without the prior written consent of Purchaser (which shall not be unreasonably withheld, conditioned or delayed), during the one hundred twenty (120) day period following the Closing Date, Seller will not take any action or suffer any omission which would limit or restrict or terminate the benefits to Purchaser of the Non-Assignable Contracts. With respect to any Non-Assignable Contract as to which the necessary approval or consent for the assignment or transfer to Purchaser is obtained following the Closing, Seller shall transfer such Non-Assignable Contract to Purchaser by execution and delivery of an instrument of conveyance reasonably satisfactory to Purchaser and Seller promptly following receipt of such approval or consent.

7.4 Access to Information.

(a) During the period from the date of this Agreement to the earlier of the Closing Date or the termination of this Agreement in accordance with Section 10.1, Seller shall (i) provide Purchaser and its authorized Representatives with reasonable access, upon reasonable prior notice and during normal business hours, to the offices, properties and other facilities of the SBBC System and (ii) furnish Purchaser and its authorized Representatives with such information and data concerning the business and operations of the SBBC System as Purchaser or any of such other Persons may reasonably request; provided, however, that (1) any such access shall be conducted in a manner not to unreasonably interfere with the businesses or operations of Seller, CAU System and/or the SBBC System, (2) Purchaser will accept, and cause its Representatives to accept, any reasonable restrictions Seller may impose on such access and contacts, and (3) Purchaser will not contact, in writing or orally, any student, potential student, supplier, vendor, employee or independent contractor of Seller without Seller’s prior written consent. Notwithstanding anything to the contrary in this Agreement, Seller shall not be required to disclose any information to Purchaser if such disclosure would, in Seller’s sole discretion: (x) cause significant competitive harm to the CAU System or Seller or its businesses, including the SBBC System, if the transactions contemplated by this Agreement are not consummated; (y) jeopardize any attorney-client or other privilege; or (z) contravene any applicable Law, fiduciary duty or binding agreement entered into prior to the date of this Agreement.

(b) Purchaser shall, and shall cause its Representatives to, abide by the terms of the Confidentiality Agreement with respect to any access or information provided pursuant to Section 7.4(a). Purchaser acknowledges and agrees that the Confidentiality Agreement remains in full force and effect and, in addition, covenants and agrees to keep confidential, in accordance with the provisions of the Confidentiality Agreement, information provided to Purchaser pursuant to this Agreement. If this Agreement is, for any reason, terminated prior to the Closing, the Confidentiality Agreement and the provisions of this Section 7.4(b) shall nonetheless continue in full force and effect.

7.5 Use of the SBBC Marks. After the Closing, Seller will (i) have no right, title, interest, license or any other right whatsoever in the SBBC Marks, and (ii) cease all use of the SBBC Marks; provided, however, that Seller shall be permitted to use the SBBC Marks solely for the purposes of collecting Accounts Receivable that are included in the Excluded Assets.

7.6 Certain Post-Closing Covenants.

(a) Terms of Employment. Effective as of the close of business on the business day prior to Closing, Seller shall terminate all SBBC System Employees who work on campuses of the Schools; provided, however, that the foregoing shall not limit Seller's ability to terminate any other employee of Seller prior to, at or following Closing; provided, however, that Seller shall not terminate any employees of the SBBC System working in the vocational nursing program prior to the Closing without the prior consent of Purchaser except as of the close of business on the business day prior to Closing in order to facilitate the Closing. Effective as of the Effective Time, Purchaser shall make offers of employment to all SBBC System Employees who work on campuses of the Schools and on such terms and conditions as Purchaser or such Affiliate determines, in its sole discretion (collectively, the "Offered Employees"). Nothing in this Agreement shall constitute an agreement by Purchaser to assume or be bound by any previous or existing employment agreement or arrangement between Seller and any of its employees, or a guarantee that any Offered Employee shall be entitled to remain in the employment of Purchaser for a specified period of time; provided, however, that, with respect to Veronica Huizar and Alicia Eckberg, Purchaser shall honor Seller's Tuition Reduction Program for as long as such employee works for either the SBBC System or CAU System and remains continuously enrolled in her current program at the SBBC System through the completion of such program. Seller shall bear all Liability with respect to the federal Workers Adjustment and Retraining Notification Act and similar state Laws to the extent that the same applies to the Offered Employees.

(b) No Third Party Beneficiaries. Nothing contained in this Section 7.6 shall create a right to continued employment or any third-party beneficiary rights in any SBBC System Employee, any alternate payee, beneficiary or dependent thereof, or any collective bargaining representative thereof. Nothing contained herein, whether express or implied, shall be treated as an amendment or other modification of any compensation or Benefit Plan.

(c) Post-Closing Litigation Support. From and after the Closing, in the event and for so long as any Party is actively contesting or defending against any Action in connection with (i) any transaction contemplated under this Agreement or (ii) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction on or prior to the Closing Date involving Seller or any Owner, each of the Parties (unless the Party is a counterparty) shall reasonably cooperate in the contest or defense, make available their personnel, and provide such testimony and access to their books and records as may be necessary and reasonably requested by a Party in connection with the contest or defense, all at the sole cost and expense of the contesting or defending Party (unless the contesting or defending Party is entitled to indemnification therefor under this Agreement).

(d) Transition. From and after the Closing, at the reasonable request of Purchaser, Seller and each Owner shall reasonably assist Purchaser with the transition of the operations of the SBBC System to Purchaser. Neither Seller nor any Owner shall take any action that is designed or intended to have the effect of discouraging any lessor, licensor, customer, supplier, or other business associate (excluding employees of Seller other than SBBC System Employees who work on campuses of the Schools) of the SBBC System from maintaining the same business relationships with Purchaser after the Closing as it maintained with Seller prior to the Closing.

(e) Confidentiality. From and after the Closing, Seller and each Owner shall treat and hold as confidential all of the Confidential Information and refrain from using any of the Confidential Information except in connection with this Agreement. From and after the Closing, in the event that Seller or any Owner is requested or required (by oral question, interrogatory or request for information or documents in any legal proceeding, subpoena, civil investigative demand, or similar process) to disclose any Confidential Information, Seller or such Owner shall notify Purchaser promptly of the request or requirement so that Purchaser may seek an appropriate protective order. From and after the Closing, if, in the absence of a protective order, Seller or such Owner is, on the advice of counsel, compelled to disclose any Confidential Information to any tribunal, Seller or such Owner may disclose Confidential Information to the tribunal; provided, however, that the disclosing Seller or Owner shall use commercially reasonable efforts to obtain, at the request, cost and expense of Purchaser, an Order or other assurance that confidential treatment shall be accorded to the Confidential Information required to be disclosed. Seller and Owners acknowledge and agree that the Confidential Information is a valuable, special and unique asset of the SBBC System and that Purchaser would not consummate the transactions contemplated by this Agreement but for Seller and each Owners' agreement to be bound by this Section 7.6(e).

(f) Covenant to Change Trade Names. Within five (5) days after the Closing Date, Seller shall provide Purchaser with evidence verifying that Seller has changed any assumed name filings and such other consents as necessary to permit Purchaser to use the trade name "SBBCollege" and "Santa Barbara Business College". Seller and Owners shall cease using the name "SBBCollege" and "Santa Barbara Business College" after the Closing Date.

(g) Records. Following the Closing, Purchaser shall use commercially reasonable efforts to preserve all information, records and other documents pertaining to the SBBC System's operations for all periods prior to and including the Closing Date until the expiration of any applicable statute of limitations or extensions thereof. Seller and Owners, at their own expense, upon request may obtain copies of records needed for tax and business matters.

7.7 Exclusivity. During the period from the date of this Agreement to the earlier of the Closing Date or the termination of this Agreement in accordance with Section 10.1, neither Seller nor any Owner shall, and each shall not permit any Representative to, directly or indirectly: (i) solicit, initiate or encourage any inquiry, proposal or offer from any Person (other than Purchaser) relating to any transaction involving (a) the sale of the business or assets (other than in the ordinary course of business) of Seller relating to the SBBC System, (b) other than as set forth on Schedule 4.4, the majority of the capital stock of Seller with voting rights, or (c) any merger, consolidation, business combination, or similar transaction involving Seller (such inquiry, proposal or offer being an "Acquisition Proposal"); (ii) participate in any discussions or negotiations or enter into any agreement with, or provide any non-public information to, any Person (other than Purchaser) relating to or in connection with an Acquisition Proposal; or (iii) consider, entertain or accept any Acquisition Proposal from any Person (other than Purchaser).

7.8 Mail and Other Communications; Accounts.

(a) After the Closing Date, Seller and Purchaser and their respective Affiliates and Subsidiaries may receive mail, packages and other communications (including electronic communications) properly belonging to the other Party (or the other Party's Affiliates). Accordingly, at all times after the Closing Date, Seller and Purchaser authorizes the other and their respective Affiliates to receive and open all mail, packages and other communications received by it and not unambiguously intended for the other Party (or its Affiliates) or any of the other Party's (or its Affiliates') officers or directors, and to retain the same to the extent that they relate to the SBBC System (in the case of receipt by Purchaser and its Affiliates) or the CAU System (in the case of receipt by Seller and its Affiliates), or to the extent that they do not relate to the SBBC System (in the case of receipt by Purchaser and its Affiliates) or the CAU System (in the case

of receipt by Seller and its Affiliates), the receiving Party will, using commercially reasonable efforts, promptly after becoming aware thereof refer, forward or otherwise deliver such mail, packages or other communications (or, in case the same relate to both the SBBC System and the CAU System and that is not a payment or reimbursement, which is addressed in Sections 7.8(b) and 7.8(c), copies thereof) to the other Party. The provisions of this Section 7.8 are not intended to, and will not be deemed to, constitute an authorization by Seller or Purchaser to permit the other to accept service of process on its behalf and neither Party is or will be deemed to be the agent of the other for service of process purposes.

(b) All payments and reimbursements received by Seller or its Affiliates that are Acquired Assets after the Closing will be held by such Person in trust for the benefit of Purchaser and, promptly upon receipt by such Person of any such payment or reimbursement, such Person will pay over to Purchaser the amount of such payment or reimbursement, without right of set off.

(c) All payments and reimbursements received by Purchaser or its Affiliates, including with respect to the Bakersfield Security Deposit, that are Excluded Assets after the Closing will be held by such Person in trust for the benefit of Seller and, promptly upon receipt by such Person of any such payment or reimbursement such Person will pay over to Seller the amount of such payment or reimbursement without right of set off. Furthermore, in the event the landlord retains any portion of the Bakersfield Security Deposit as the direct result of any action taken by Purchaser following the Closing, Purchaser shall reimburse Seller for such retained portion.

7.9 Public Announcements. The timing and content of all press releases, public announcements or other external communications regarding any aspect of this Agreement or any other Ancillary Agreement or the transactions contemplated hereby or thereby to the financial community or the general public will be mutually agreed upon in advance by the Parties (which consent shall not be unreasonably withheld, conditioned or delayed). Notwithstanding the foregoing, each Party may make an external communication which it in good faith believes, based on advice of counsel, is required by Law or Educational Law to which such Party is subject; provided, that, such Party will consult with and agree on the language of any such announcement or other external communication with the other Party at least five calendar days prior to any such announcement or other external communication, and will in any event promptly provide the other Party with copies of any such announcement or other external communication.

7.10 Lease Transfer; Joint Retained Assets.

(a) Seller and Purchaser will use commercially reasonable efforts to approach promptly the landlord or sublandlord for the Leased Property at 5300 California Ave., Bakersfield, CA 93309 to allow Purchaser to enter into an assignment agreement (the "Lease Assignment Agreement"), pursuant to which, effective as of the Closing Date but conditioned upon the fulfillment of any landlord or sublandlord consent or notice requirements, Seller will assign to Purchaser all of its right, title and interest in and to such Leased Property under the applicable Lease, and Purchaser will accept such assignment and assume from Seller all liabilities and obligations of Seller which arise or accrue on or after the Closing Date under such Lease. Seller will terminate the Leases for the Leased Property located at (i) 303 East Plaza Dr., Santa Maria, CA 93454, (ii) 305 East Plaza Dr., Santa Maria, CA 93454, and (iii) 313A East Plaza Dr., Santa Maria, CA 93454 effective immediately prior to the Closing.

(b) Seller and Purchaser acknowledge and agree that certain assets of Seller are used jointly in the SBBC System and the CAU System and which are set forth on Schedule 7.10(b) ("Joint Retained Assets"). The Joint Retained Assets shall be deemed Excluded Assets; provided, however, that, following the Closing, Seller and Purchaser shall cooperate in good faith and use their respective commercially reasonable efforts to take the actions contemplated by Schedule 7.10(b) with respect to the applicable Joint Retained Assets.

7.11 SBBC System Guarantees. Seller and Purchaser will cooperate and use their respective commercially reasonable efforts to obtain from the respective beneficiary, in form and substance reasonably satisfactory to Seller, on or before the Closing, valid and binding written releases of Seller or Owners, as applicable, from any Liability, whether arising before, on or after the Closing Date, under any guarantees in respect of obligations of the SBBC System listed on Schedule 7.11 (which Seller will be permitted to update from time to time prior to the Closing) (each a “Scheduled Guarantee”) in effect as of the Closing, which will be effective as of the Closing, including, as applicable, by providing substitute guarantees, furnishing letters of credit, instituting escrow agreements, posting surety or performance bonds or making other arrangements as the counterparty may reasonably request. If any Scheduled Guarantee has not been released as of the Closing Date, then Seller and Purchaser will use their respective commercially reasonable efforts after the Closing to cause each such unreleased Scheduled Guarantee to be released promptly. Notwithstanding anything to the contrary herein, the Parties acknowledge and agree that at any time on or after the Closing Date, Seller may, in its sole discretion, take any action to terminate, obtain release of or otherwise limit their Liability under any and all outstanding SBBC System Guarantees. Purchaser will indemnify and hold harmless Seller and its Affiliates from and after the Closing for any amounts required to be paid under any Scheduled Guarantee for which Seller has not been released of any Liability pursuant to this Section 7.11.

7.12 Appropriate Actions; Further Assurances. Except as otherwise provided in this Agreement, each of the Parties will use their commercially reasonable efforts before the Closing Date to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other Parties hereto in doing, all things reasonably necessary, proper or advisable under applicable Laws and Educational Laws to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement, including the satisfaction at the earliest practicable date of all of the conditions to their respective obligations to consummate the transactions contemplated by this Agreement; provided, that, the foregoing will in no event be interpreted to require any Party to waive any condition precedent to its obligations to close the transactions contemplated hereby. Following the Closing, each of the Parties shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement and the Ancillary Agreements.

7.13 Non-Competition; Non-Solicitation; Non-Disparagement.

(a) For a period commencing on the Closing Date and ending on the three (3) year anniversary of the Closing Date (the “Restricted Period”), neither Seller nor any Owner shall, or shall permit any of his, her or its Affiliates to, directly or indirectly: (i) engage in or assist others in engaging (whether through employment, consultation, advisory services, representation on a board of directors or other similar governing body or by any financial or other investment) in the Restricted Business in the Territory or (ii) have an interest in any Person that engages directly or indirectly in the Restricted Business in the Territory in any capacity, including as a partner, stockholder, member, employee, principal, agent, trustee or consultant. Notwithstanding the foregoing, Seller and Owners and any of their Affiliates may own, directly or indirectly, solely as an investment, securities of any Person traded on any national securities exchange if such Person is not a controlling Person of, or a member of a group which controls, such Person and does not, directly or indirectly, own five percent (5%) or more of any class of securities of such Person.

(b) During the Restricted Period, neither Seller nor any Owner shall, or shall permit any of his, her or its Affiliates to, directly or indirectly, solicit (except pursuant to a general solicitation which is not directed specifically to any such employees) any SBBC System Employee hired by Purchaser at Closing or encourage any such employee to leave such employment; provided, however, that nothing in

this Section 7.13 shall prevent Seller or any Owner or any Affiliate of Seller or any Owner from hiring any employee whose employment has been terminated by Purchaser.

(c) During the Restricted Period, neither Seller nor any Owner shall, or shall permit any of his, her or its Affiliates to, directly or indirectly, (i) solicit or entice, or attempt to solicit or entice, any students, licensees, licensors, clients or distributors of Purchaser or potential licensees, licensors, clients or distributors of Purchaser to the material detriment of Purchaser, or (ii) solicit or entice, or attempt to solicit or entice, any vendors of Purchaser or potential vendors of Purchaser to the material detriment of Purchaser.

(d) If Seller or any Owner breaches any of the provisions of this Section 7.13, Purchaser shall have the following rights and remedies not subject to any limitations under Article 11, each of which rights and remedies shall be independent of the others and severally enforceable, and each of which is in addition to, and not in lieu of, any other rights and remedies available to Purchaser under law or in equity:

(i) the right and remedy to have such provision specifically enforced by any court having jurisdiction, it being acknowledged and agreed that any such breach may cause irreparable injury to Purchaser and that money damages may not provide an adequate remedy to Purchaser; and

(ii) the right and remedy to recover from Seller or the applicable Owner all monetary damages suffered by Purchaser as the result of any acts or omissions constituting a breach of this Section 7.13.

(e) Seller and each Owner acknowledges that the restrictions contained in this Section 7.13 (i) are reasonable and necessary to protect the legitimate interests of Purchaser and the goodwill, customer relationships and Intellectual Property purchased by Purchaser and (ii) constitute a material inducement to Purchaser to enter into this Agreement and consummate the transactions contemplated herein. In the event that any covenant contained in this Section 7.13 should ever be adjudicated to exceed the time, geographic, product or service, or other limitations permitted by applicable Law in any jurisdiction, then any court is expressly empowered to reform such covenant, and such covenant shall be deemed reformed, in such jurisdiction to the maximum time, geographic, product or service, or other limitations permitted by applicable Law. The covenants contained in this Section 7.13 and each provision hereof are severable and distinct covenants and provisions. The invalidity or unenforceability of any such covenant or provision as written shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction.

ARTICLE 8

TAX MATTERS

8.1 Allocation of Purchase Price. The Purchase Price will be allocated among the Acquired Assets in accordance with Section 1060 of the Code. Purchaser shall prepare in good faith and provide to Seller an allocation of the Purchase Price among the Acquired Assets within one hundred twenty (120) days after the Closing Date, which allocation shall be based upon the “residual method” described in Section 1060 of the Code based on the fair market value of such assets as of the Closing Date. The Parties shall negotiate in good faith on any points of disagreement between them with respect to the allocation of the Purchase Price and shall attempt in good faith to agree on the allocation such that the Parties report the purchase and sale of the Acquired Assets for Tax purposes in accordance with the same allocation

(including, without limitation, in the case of Purchaser and Seller, by filing Forms 8594 reflecting such allocation with their federal income Tax Returns for the Tax year that includes the Closing Date). Purchaser and Seller shall cooperate in the preparation of the Forms 8594 and each of Purchaser and Seller shall provide the other with a copy of its Form 8594 prior to the filing thereof. The allocation shall be modified as appropriate in accordance with this Section 8.1 to reflect any adjustments in the Purchase Price made following the Closing Date in accordance with this Agreement. If the Parties' allocations are different from each other's and the Parties are unable to resolve those differences by negotiating in good faith, then each Party may assign its own allocation of the Purchase Price in its Tax filings.

8.2 Transfer Taxes. Purchaser and Seller shall each be liable for fifty percent (50%) of any transfer, sales, use, stamp, conveyance, real property transfer, recording, registration, documentary, filing and other non-income Taxes and administrative fees (including notary fees) arising in connection with the consummation of the transactions contemplated by this Agreement ("Transfer Taxes") whether levied on Purchaser, Seller, Seller or any of their respective Affiliates. Seller and Purchaser shall cooperate in timely preparing and filing all Tax Returns relating to such Transfer Taxes that are required to be filed. Each party shall use commercially reasonable efforts to avail itself of any available exemptions from any Transfer Taxes, and shall cooperate with the other party in timely providing any information and documentation that may be necessary to obtain such exemptions.

ARTICLE 9

CONDITIONS TO CLOSING

9.1 Conditions to the Parties' Obligations. The obligations of the Parties to consummate the transactions contemplated by this Agreement are subject to the fulfillment or satisfaction (or waiver by Purchaser and Seller, as applicable), prior to or at the Closing, of each of the following conditions precedent:

(a) no Order shall be in effect which restrains or prohibits the transactions contemplated by this Agreement;

(b) no Law or Educational Law enacted, entered, promulgated or enforced by any Governmental Authority or Educational Agency of competent jurisdiction will be in effect at the Closing preventing the consummation of the transactions contemplated by this Agreement; and

(c) each School, as applicable, will have received a USDE Preacquisition Response and all other Pre-Closing Educational Consents.

9.2 Conditions to the Obligations of Purchaser. The obligations of Purchaser to consummate the transactions contemplated by this Agreement are subject to the fulfillment or satisfaction (or waiver by Purchaser), prior to or at the Closing, of each of the following additional conditions precedent:

(a) the representations and warranties contained in Article 4 and Article 5 which are not subject to a materiality qualification shall be true and correct in all material respects on and as of the Closing Date as though made on and as of the Closing Date (except for such representations and warranties expressly stated to relate to a specific date, in which case such representations and warranties shall be true and correct in all material respects on such earlier date) and the representations and warranties of Purchaser which are subject to a materiality qualification, shall be true and correct in all respects on and as of the Closing Date (except for representations and warranties expressly stated to relate to a specific date, in which case such representations and warranties shall be true and correct on such earlier date);

(b) Seller shall have performed or complied with, in all material respects, the covenants and agreements contained in this Agreement that are required to be performed or complied with by Seller on or prior to the Closing Date;

(c) Purchaser shall have received a certificate from an officer of Seller, dated as of the Closing Date, to the effect that the conditions set forth in Section 9.2(a) and Section 9.2(b) have been satisfied with respect to Seller;

(d) Purchaser shall have received the deliveries set forth in Section 2.6(a);

(e) None of Seller, the SBBC System, any School or Purchaser shall have received from any Educational Agency any written communication that any Educational Approval will be suspended, revoked, terminated, or cancelled;

(f) None of Seller, the SBBC System, any School or Purchaser shall have received from any Educational Agency any communication that any of the Post-Closing Educational Consents will not be issued or will be subject to an Adverse Regulatory Condition; and

(g) Purchaser shall have obtained the Purchaser's Educational Consents required to be obtained prior to Closing, as set forth on Schedule 9.2(g), and each shall be free of any Adverse Regulatory Condition.

9.3 Conditions to the Obligations of Seller. The obligations of Seller to consummate the transactions contemplated by this Agreement are subject to the fulfillment or satisfaction (or waiver by Seller), prior to or at the Closing, of each of the following additional conditions precedent:

(a) the representations and warranties of Purchaser contained in Article 6 which are not subject to a materiality qualification shall be true and correct in all material respects on and as of the Closing Date as though made on and as of the Closing Date (except for such representations and warranties expressly stated to relate to a specific date, in which case such representations and warranties shall be true and correct in all material respects on such earlier date) and the representations and warranties of Purchaser which are subject to a materiality qualification, shall be true and correct in all respects on and as of the Closing Date (except for representations and warranties expressly stated to relate to a specific date, in which case such representations and warranties shall be true and correct on such earlier date);

(b) Purchaser shall have performed and complied in all material respects with the covenants and agreements contained in this Agreement which are required to be performed and complied with by Purchaser on or prior to the Closing Date;

(c) Seller shall have received a certificate from an officer of Purchaser, dated as of the Closing Date, to the effect that the conditions set forth in Section 9.3(a) and Section 9.3(b) have been satisfied; and

(d) Seller shall have received the deliveries set forth in Sections 2.6(b).

9.4 Frustration of Closing Conditions. Neither Purchaser nor Seller may rely on the failure of any condition set forth in Section 9.1, Section 9.2 or Section 9.3 to be satisfied if such failure was caused by such Party's failure to act in good faith or to comply with such Party's obligations under this Agreement.

ARTICLE 10

TERMINATION

10.1 Termination; Effect of Termination.

(a) Termination. This Agreement may be terminated at any time prior to the Closing as follows:

(i) by mutual written consent, duly executed by Purchaser and Seller;

(ii) by Purchaser or Seller, upon written notice to the other, if the Closing shall not have occurred on or before December 31, 2019 (such date, as may be extended pursuant to this Section 10.1(a)(ii), the “Termination Date”); provided, that, the right to terminate this Agreement pursuant to this Section 10.1(a)(ii) shall not be available to any Party that is (A) in material breach of any representation, warranty, covenant or other agreement contained herein on the Termination Date, or (B) responsible for a breach of its obligations under this Agreement in any manner that shall have proximately caused the failure of a condition to the consummation of the transactions contemplated by this Agreement on or prior to the Termination Date. Notwithstanding the foregoing, either Party may elect to extend the Termination Date for an additional ninety (90) days, exercisable in its sole discretion by written notice to the other Party no less than one (1) Business Day prior to December 31, 2019, provided that the requesting Party is not in material breach of any representation, warranty, covenant or other agreement contained herein as of the date of such extension;

(iii) by Purchaser or Seller, upon written notice to the other, if any Order permanently restraining, enjoining or otherwise prohibiting consummation of the transactions contemplated by this Agreement shall become final and non-appealable, provided, that the right to terminate this Agreement pursuant to this Section 10.1(a)(iii) shall not be available to any Party that is (A) in material breach of any representation, warranty, covenant or other agreement contained herein at such time, or (B) responsible for a breach of its obligations under this Agreement in any manner that shall have proximately caused (or otherwise resulted in) the entry of such final and non-appealable Order;

(iv) by Seller or Purchaser, if the conditions set forth in Section 9.1(c) will not have been satisfied and such failure to satisfy the conditions set forth in Section 9.1(c) will not be curable prior to the Termination Date, provided that, the right to terminate this Agreement under this Section 10.1(a) will expire, and the conditions set forth under Section 9.1(c) will be deemed waived by Purchaser, forty-five (45) days after the receipt of a USDE Preacquisition Response that does not satisfy Section 9.1(c);

(v) by Purchaser (if it is not in material breach of its representations, warranties, covenants or agreements under this Agreement so as to cause any of the conditions set forth in Section 9.3(a) or Section 9.3(b) not to be satisfied), upon written notice to Seller, if there has been a material violation, breach or inaccuracy of any representation, warranty, covenant or agreement of Seller contained in this Agreement, which violation, breach or inaccuracy would cause any of the conditions set forth in Section 9.2(a) or Section 9.2(b) not to be satisfied, and such violation, breach or inaccuracy has not been waived by Purchaser or cured by Seller within ten (10) Business Days after receipt by Seller of written notice thereof from Purchaser or is not reasonably capable of being cured prior to the Termination Date; or

(vi) by Seller (if it is not in material breach of its representations, warranties, covenants or agreements under this Agreement so as to cause any of the conditions set forth in Section 9.2(a) or Section 9.2(b) not to be satisfied), upon written notice to Purchaser, if there has been a material violation, breach or inaccuracy of any representation, warranty, agreement or covenant of Purchaser contained in this Agreement, which violation, breach or inaccuracy would cause any of the conditions set forth in Section 9.3(a) or Section 9.3(b) not to be satisfied, and such violation, breach or inaccuracy has not been waived by Seller or cured by Purchaser within ten (10) Business Days after receipt by Purchaser of written notice thereof from Seller, or is not reasonably capable of being cured prior to the Termination Date.

(b) Effect of Termination. In the event of the termination of this Agreement as expressly permitted under Section 10.1(a), this Agreement shall forthwith become void and have no effect (except for this Section 10.1 and Sections 7.4(b) and 12.1) and there shall be no Liability in respect of this Agreement on the part of Purchaser or Seller (or any Affiliate which operates the SBBC System) except as provided in this Section 10.1 and Sections 7.4(b) and 12.1; provided, however, that nothing herein will relieve any Party from any Liability for any intentional breach by such Party of its covenants or agreements set forth in this Agreement occurring prior to such termination.

ARTICLE 11

INDEMNIFICATION

11.1 Survival. The representations and warranties set forth in Article 4, Article 5 and Article 6 shall survive the Closing for a period of eighteen (18) months from the Closing Date except as follows: (a) the Fundamental Representations and the representations and warranties contained in Sections 5.12 (Taxes) (the “Extended Representations”) shall survive the Closing until sixty (60) days after the expiration of all applicable statutes of limitations, and (b) the representations and warranties contained in Sections 5.21 (Education Regulatory Matters) survive the Closing for a period of thirty-six (36) months from the Closing Date (the “Education Representations”). The covenants and agreements contained herein shall survive in accordance with their terms. If any Claims Notice (as defined below) is given in good faith in accordance with the terms of Section 11.4 within the applicable survival period provided above (as applicable, the “Cut-Off Date”), the claims specifically set forth in such Claims Notice shall survive until such time as such claims are finally resolved. For the avoidance of doubt, the Parties hereby agree and acknowledge that the survival period set forth in this Section 11.1 is a contractual statute of limitations and any claim brought by any Party pursuant to this Article 11 must be brought or filed prior to the expiration of the survival period.

11.2 Indemnification by Seller; Indemnification by Purchaser.

(a) Subject to the limitations set forth herein, from and after the Closing Date, Seller and the Owners, jointly and severally, agree to indemnify and hold harmless Purchaser, its Affiliates and their respective officers, directors and employees (each, a “Purchaser Indemnitee”) from and against any and all Losses incurred by such Purchaser Indemnitee arising from or related to (i) any breach or inaccuracy of any representation or warranty made by Seller or any Owner in this Agreement, (ii) any breach of any covenant or agreement made by Seller or any Owner in this Agreement, (iii) except for the Assumed Liabilities as set forth in Section 2.4, Liabilities arising out of or related to the operations of Seller on or prior to the Closing Date, (iv) the Excluded Assets and the Excluded Liabilities, (v) the operations of the CAU System following the Closing Date, or (vi) any matters set forth on Schedule 11.2(a).

(b) Purchaser hereby agrees to indemnify and hold harmless, Seller, its officers, directors, employees, shareholders, partners, members and Affiliates, including Owners, (each, a “Seller Indemnitee,” and together with Purchaser Indemnitees, the “Indemnitees” and each an “Indemnitee”), from

and against any Losses arising from or in connection with (i) any breach or inaccuracy of any representation or warranty made by Purchaser in this Agreement, (ii) any breach of any covenant or agreement made by Purchaser, or (iii) the Assumed Liabilities.

(c) Upon any determination that a representation, warranty or covenant made by Seller or any Owner in this Agreement has been breached (after giving effect to any materiality qualification or any similar qualification provided with respect thereto), the amount of Losses attributable to such breach shall not be reduced because such representation, warranty or covenant was so qualified, and neither Seller nor any Owner shall assert that they are not liable for any portion of such Losses because such representation, warranty or covenant was so qualified.

11.3 Limitations on Indemnification.

(a) Notwithstanding anything in this Agreement to the contrary, subject to the recovery order set forth in Section 11.8, in no event shall the aggregate Losses that (i) Owners are obligated or liable for under Section 11.2(a)(i) exceed an aggregate amount equal to \$500,000 (the “Owner Cap”); or (ii) Seller is obligated or liable for under Section 11.2(a)(i) exceed an amount equal to \$1,000,000 (the “Seller Cap”); provided, however, that the limitation set forth in this Section 11.3(a) shall not apply to any claims (and such claims shall not apply to the Owner Cap or Seller Cap) (i) arising out of or related to the Fundamental Representations, or (ii) in connection with Fraud; further provided, however, that any Losses arising out of or related to the Education Representations shall not be subject to, or counted towards, the Owner Cap or the Seller Cap and, instead, in no event shall the aggregate Losses that Owners or Seller are obligated or liable for with respect to the Education Representations exceed an aggregate amount equal to \$3,000,000.

(b) Notwithstanding anything in this Agreement to the contrary, Seller and Owners shall not have any obligation to indemnify any Purchaser Indemnitee under Article 11 until the aggregate amount of Losses that would otherwise be subject to indemnification pursuant to Section 11.2(a)(i) exceeds an amount equal to \$10,000 (the “Basket Amount”), whereupon Purchaser Indemnitee shall be entitled only to receive amounts for Losses in excess of the Basket Amount; provided, however, that the limitations set forth in this Section 11.3(b) shall not apply to any claims arising out of or related to (i) any Fundamental Representations or the Extended Representations or (ii) Fraud.

(c) Payments by Seller or Owners pursuant to Section 11.2(a) in respect of any Loss shall be limited to the amount of any liability or damage that remains after deducting therefrom any insurance proceeds and any indemnity, contribution or other similar payment received or reasonably expected to be received by the Purchaser Indemnitees in respect of any such claim. The Purchaser Indemnitees shall use its commercially reasonable efforts to recover under insurance policies or indemnity, contribution or other similar agreements for any Losses prior to seeking indemnification under this Agreement.

(d) The Purchaser Indemnitees shall take, and cause their Affiliates to take, all reasonable steps to mitigate any Loss upon becoming aware of any event or circumstance that would be reasonably expected to, or does, give rise thereto, including incurring costs only to the minimum extent necessary to remedy the breach that gives rise to such Loss.

11.4 Indemnification Claim Process.

(a) All claims for indemnification by either a Seller Indemnitee or Purchaser Indemnitee under this Article 11 shall be asserted and resolved in accordance with Sections 11.4 and 11.5.

(b) If a Purchaser Indemnitee intends to seek indemnification pursuant to this Article 11, Purchaser Indemnitee shall promptly, but in no event more than thirty (30) days following such Purchaser Indemnitee's actual knowledge of such claim, notify Seller in writing of such claim, describing such claim in reasonable detail and the amount or estimated amount of such Losses (the "Claims Notice"); provided, however, that failure to give any such notice shall not affect the indemnification provided under this Article 11, except, and only, to the extent Seller is actually and materially prejudiced as a result of such failure.

(c) If a Seller Indemnitee intends to seek indemnification pursuant to this Article 11, Seller Indemnitee shall promptly, but in no event more than thirty (30) days following Seller Indemnitee's actual knowledge of such claim, deliver a Claims Notice to Purchaser; provided, however, that failure to give any such notice shall not affect the indemnification provided under this Article 11, except, and only, to the extent Purchaser is actually and materially prejudiced as a result of such failure.

(d) The Indemnitor shall have thirty (30) days from the date on which the Indemnitor received the Claims Notice to notify the Indemnitee that the Indemnitor desires to assume the defense or prosecution of the Third Party Claim and any litigation resulting therefrom with counsel of its choice. If the Indemnitor assumes the defense of such claim in accordance herewith: (i) the Indemnitee may retain separate co-counsel at its sole cost and expense and participate in the defense of such Third Party Claim, but the Indemnitor shall control the investigation, defense and settlement thereof, (ii) the Indemnitee shall not file any papers or consent to the entry of any judgment or enter into any settlement, adjustment or compromise with respect to such Third Party Claim without the prior written consent of the Indemnitor, and (iii) the Indemnitor shall not consent to the entry of any judgment or enter into any settlement with respect to such Third Party Claim without the prior written consent of the Indemnitee unless the judgment or settlement provides solely for the payment of money without any admission of guilt or Liability, the Indemnitor makes such payment (subject to the applicable limitations contained herein), and the Indemnitee receives an unconditional release. The Parties shall act in good faith in responding to, defending against, settling or otherwise dealing with Third Party Claims, and cooperate in any such defense and give each other reasonable access to all information relevant thereto. Whether or not the Indemnitor has assumed the defense of such Third Party Claim, the Indemnitor will not be obligated to indemnify the Indemnitee hereunder with respect to any settlement entered into or any judgment consented to without the Indemnitor's prior written consent. In the event that, if in the reasonable opinion of counsel to the Indemnitee, (A) there are legal defenses available to an Indemnitee that are different from or additional to those available to the Indemnitor; or (B) there exists a conflict of interest between the Indemnitor and the Indemnitee that cannot be waived, the Indemnitor shall be liable for the costs, fees and expenses of counsel to the Indemnitee in each jurisdiction for which the Indemnitee determines counsel is required.

(e) If the Indemnitor does not assume the defense of such Third Party Claim within thirty (30) days of receipt of the Claims Notice, the Indemnitee will be entitled to assume such defense, at its sole cost and expense (or, if the Indemnitee incurs a Loss with respect to the matter in question for which the Indemnitee is entitled to indemnification pursuant to this Article 11, at the expense of the Indemnitor), upon delivery of notice to such effect to the Indemnitor; provided, however, that the Indemnitor (i) shall have the right to participate in the defense of the Third Party Claim at its sole cost and expense, and (ii) may at any time thereafter assume defense of the Third Party Claim, in which event the Indemnitor shall bear the fees, costs and expenses of the Indemnitee's counsel incurred prior to the assumption by the Indemnitor of defense of the Third Party Claim. Notwithstanding the foregoing, the Indemnitee shall not agree to any Settlement without the written consent of the Indemnitor (which consent shall not be unreasonably withheld or delayed).

(f) Purchaser Indemnitee shall, and shall cause Purchaser's other Affiliates to, provide reasonable cooperation with Seller in all aspects of any investigation, defense, pretrial activities, trial,

compromise, settlement or discharge of any claim in respect of which a Purchaser Indemnitee is seeking indemnification pursuant to this Article 11 that Seller has elected to control, including, but not limited to, by providing Seller with reasonable access to books, records, employees and officers (including as witnesses) of Purchaser.

11.5 Indemnification Procedures for Non-Third Party Claims. The Indemnitee will deliver a Claims Notice to the Indemnitor promptly after its discovery of any matter for which the Indemnitor may be liable to the Indemnitee hereunder that does not involve a Third Party Claim, which Claims Notice shall also state that the Indemnitee has paid or properly accrued Losses or reasonably anticipates that it will incur Liability for Losses for which such Indemnitee is entitled to indemnification pursuant to this Agreement; provided, however, that failure to deliver a Claims Notice promptly shall not affect the indemnification provided under this Article 11, except, and only, to the extent the Indemnitor is actually and materially prejudiced as a result of such failure. The Indemnitee shall reasonably cooperate and assist the Indemnitor in determining the validity of any claim for indemnity by the Indemnitee and in otherwise resolving such matters. Such assistance and cooperation shall include providing reasonable access to and copies of information, records and documents relating to such matters, furnishing employees to assist in the investigation, defense and resolution of such matters and providing legal and business assistance with respect to such matters.

11.6 Tax Treatment of Indemnity Payments. Unless otherwise required by applicable Law, any indemnity payment made under this Agreement shall be treated by all Parties as an adjustment to the purchase price for all federal, state, local and foreign Tax purposes, and the Parties shall file their Tax Returns accordingly.

11.7 Subrogation. In the event of payment by or on behalf of any Indemnitor to any Indemnitee (including pursuant to this Article 11) in connection with any claim or demand by any Person other than the Parties or their respective Affiliates, such Indemnitor shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such claim or demand against any claimant or plaintiff asserting such claim or demand. Such Indemnitee shall cooperate with such Indemnitor in a reasonable manner, and at the cost of such Indemnitor, in presenting any subrogated right, defense or claim.

11.8 Indemnification Order. Subject to the limitations set forth herein, in the event that a member of the Purchaser Indemnitee is entitled to be indemnified for Losses, such member of the Purchaser Indemnitee shall look, first, to Seller and, thereafter, solely to the extent such Losses are not paid by Seller, to the Owners to recover the amount of such Losses.

11.9 Exclusive Remedies. Subject to Sections 2.7, 7.13 and 12.13, the Parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims (other than claims arising from Fraud on the part of a Party in connection with the transactions contemplated by this Agreement) for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement, shall be pursuant to the indemnification provisions set forth in this Article 11. In furtherance of the foregoing, each Party hereby waives, to the fullest extent permitted under Law, any and all rights, claims and causes of action for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against the other Parties and their Affiliates and each of their respective Representatives arising under or based upon any Law, except pursuant to the indemnification provisions set forth in this Article 11. Nothing in this Section 11.9 shall limit any Person's right to seek and obtain any equitable relief to which any Person shall be entitled pursuant to Section 12.13 or to seek any remedy on account of any Fraud by any Party.

ARTICLE 12

MISCELLANEOUS

12.1 Expenses. Except as expressly provided herein, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such costs and expenses.

12.2 Amendment. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the Parties.

12.3 Entire Agreement. This Agreement including the Schedules and Exhibits attached hereto which are deemed for all purposes to be part of this Agreement and the other documents delivered pursuant to or in connection with this Agreement constitute the sole and entire agreement made by the Parties relating to the subject matter of this Agreement and the SBBC System and supersede all prior and contemporaneous agreements, negotiations, correspondence, undertakings and communications of the Parties or their Representatives, oral or written, respecting such subject matter.

12.4 Headings. The headings contained in this Agreement are intended solely for convenience and shall not affect the rights of the Parties.

12.5 Notices. Any notice or other communication required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given and made if (a) served by personal delivery upon the Party for whom it is intended, (b) delivered by facsimile with receipt confirmed or (c) delivered by certified mail, registered mail, or courier service, return-receipt received to the Party at the address set forth below, with copies sent to the Persons indicated:

If to Seller:

Sanbarcollbuscom, Incorporated
Attention: Matthew Johnston
1450 Boughton Drive, Bakersfield, CA 93308
Bakersfield, CA 93308
E-mail: mattj@calaero.edu
Facsimile No.: 661-615-5914

With a copy to (which copy shall not constitute notice):

Duane Morris LLP
750 B Street
Suite 2900
San Diego, CA 92101
Attention: Tony Guida
E-mail: TGuida@duanemorris.com
Facsimile No.: (619) 923-2489

If to Purchaser:

San Joaquin Valley College, Inc.
3828 W. Caldwell Avenue
Visalia, CA 93277

Attention: Legal Department
Email: Mike.Abril@sjvc.edu
Facsimile No.: (559) 746-0324

With a copy to (which copy shall not constitute notice):

Jeffer Mangels Butler & Mitchell LLP
1900 Avenue of the Stars
7th Floor
Los Angeles, CA 90067
Attention: Barry Freeman
Email: BFreeman@jmbm.com
Attention: David Ma
Email: DLM@jmbm.com
Facsimile No.: (310) 712-3393

Such addresses may be changed, from time to time, by means of a notice given in the manner provided in this Section 12.5.

12.6 Waiver. Waiver of any term or condition of this Agreement by any Party shall only be effective if signed in writing by the Party against whom the waiver is to be effective and shall not be construed as a waiver of any subsequent breach or failure of the same term or condition, or a waiver of any other term or condition of this Agreement.

12.7 Binding Effect; Assignment. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their permitted successors and assigns. No Party to this Agreement may assign or delegate, by operation of law or otherwise, all or any portion of its rights, obligations or liabilities under this Agreement without the prior written consent of the other Parties, which any such Party may withhold in its absolute discretion. Any purported assignment without such prior written consents shall be void.

12.8 No Third Party Beneficiary. Nothing in this Agreement shall confer any rights, remedies or claims upon any Person or entity not a Party or a permitted assignee of a Party to this Agreement, except for the Persons set forth in Article 11, who are intended third party beneficiaries of such provisions.

12.9 Counterparts. This Agreement may be signed in any number of counterparts, and delivered via facsimile or similar electronic transmittal, with the same effect as if the signatures to each counterpart were upon a single instrument, and all such counterparts together shall be deemed an original of this Agreement.

12.10 Governing Law. This Agreement and any claim or controversy hereunder shall be governed by and construed in accordance with the Laws of the State of California without giving effect to the principles of conflict of laws thereof.

12.11 Arbitration. Any Action arising out of or relating to this Agreement or the transactions contemplated hereby shall be determined and resolved by arbitration in Los Angeles, CA. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures. Judgment on the award may be entered in any court having jurisdiction. Except as provided in the following sentences, no Party shall be entitled to commence or maintain any Action in a court of law upon any matter in dispute until such matter shall have been submitted and determined as provided herein and then only for the enforcement of such arbitration award; provided, however, that, notwithstanding this dispute resolution policy, any Party may apply to a court of competent jurisdiction to seek injunctive relief before or after the

pendency of any arbitration proceeding. The institution of any action for injunctive relief shall not constitute a waiver of the right or obligation of any Party to submit any claim seeking relief other than injunctive relief to arbitration. Judgment upon the award may be entered by the United States Federal District Court or Los Angeles County Superior Court located in the State of California, or application may be made to such court for the judicial acceptance of the award and order of enforcement, as the case may be, if the arbitrator's award or decision is not complied with within seven (7) days of the arbitrator's decision.

12.12 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

12.13 Specific Performance. The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed by them in accordance with the terms hereof or were otherwise breached and that each Party shall be entitled to seek an injunction or injunctions to prevent breaches of the provisions hereof and to specific performance of the terms hereof, in addition to any other remedy at law or in equity.

12.14 Severability. If any term, provision, agreement, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, agreements, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such a determination, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a reasonably acceptable manner so that the transactions contemplated hereby may be consummated as originally contemplated to the fullest extent possible.

[Remainder of page intentionally left blank]

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

PURCHASER:

SAN JOAQUIN VALLEY COLLEGE, INC.

By: *Michael D. Perry*
Name: *Michael D. Perry*
Title: *CEO*

SELLER:

SANBARCOLLBUSCOM, INCORPORATED

By: _____
Name: Matthew Johnston
Title: President

OWNERS:

Dean Johnston

Matthew Johnston

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

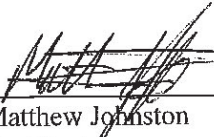
PURCHASER:

SAN JOAQUIN VALLEY COLLEGE, INC.

By: _____
Name:
Title:

SELLER:

SANBARCOLLBUSCOM, INCORPORATED

By:  _____
Name: Matthew Johnston
Title: President

OWNERS:

 _____
Dean Johnston

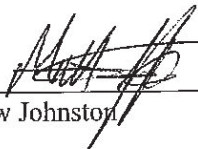
 _____
Matthew Johnston

EXHIBIT A

Accounting Principles

“Accounting Principles” means the accounting principles, procedures, policies, practices, estimates, allocations, judgments and methods consistently applied in accordance with GAAP, consistent with Seller’s past practices.

- Accounts Receivable – Accounts receivable includes only those accounts arising from the SBBC System students’ obligations, various federal funding programs and external and institutional loans (related to In-School Student Financing/TFC & Cash Payment), and the same shall be included in the Working Capital calculation. Accounts receivable will be determined net of reserves for uncollectible accounts and refunds. The reserve for uncollectible accounts will be calculated based on days past due on School Student Financing/TFC and Cash Payments. The amount past due will be multiplied by the reserve percentage based on days past due (1-30 days = 25%, 31-60 days = 50%, 61-90 days = 75%, >90 days = 100%.) Institutional accounts receivable for students no longer in school will not be transferred to Purchaser.
- Prepaid Expenses and Other Assets will be included in the Working Capital calculation to the extent included in the Acquired Assets.
- Inventories will be included in the Working Capital calculation to the extent included in the Acquired Assets. Inventory will only consist of textbooks and supplies that are issued to students and valued at original cost.
- Accrued Salaries, Wages and Taxes and other employee-related accruals – Employee-related Seller liability amounts relate exclusively to SBBC Employees who will be terminated by Seller as of the closing date and hired by Purchaser the following day. Seller will pay all such employee expenses through the Closing Date and termination of such employees. These will be excluded from the Working Capital calculation.
- Accounts payable will be paid by Seller and not transferred to Purchaser. These will be excluded from the Working Capital calculation.
- Deferred Tuition – Deferred tuition is accounted for in accordance with GAAP and will transfer to Purchaser. This will be included in the Working Capital calculation.

“Working Capital” means the difference (whether positive or negative) of (a) the current assets components of Acquired Assets, including accounts receivable (including, all current outstanding student loans arising from SBBC students’ obligations and various federal funding programs) in each case, accounted for net of reserve for uncollectible accounts, prepaid assets and inventory, minus (b) the current liabilities components of the Assumed Liabilities, which shall include deferred tuition and not include any accounts payable, accrued expenses, employee salaries/benefits, or any other accrued liabilities. Notwithstanding the foregoing, the Parties agree that the determination of “Working Capital” will exclude (i) Indebtedness of SBBC System, (ii) Transaction Expenses, and (iii) income Tax-related assets and liabilities.

For the avoidance of doubt, consistent with Section 2.1(c) of the Agreement, Closing Cash Contribution is separate and not included as a part of Working Capital.

Working Capital Example

AS OF 6/30/2019						
	025780 SANTA MARIA ACTIVE	BAKERSFIELD ACTIVE	RANCHO MIRAGE ACTIVE	DISTANCE ED ACTIVE	025779 TOTAL ACTIVE	TOTAL TRANSACTION ACTIVE
CURRENT ASSETS						
ACCOUNTS RECEIVABLE-IN SCHOOL ONLY	60,003	352,133	145,885	132,708	630,726	690,729
RESERVE FOR UNCOLLECTIBLE ACCOUNTS*	-	-	-	-	-	-
PREPAID EXPENSE**			3,500		3,500	3,500
INVENTORY	48,418	76,474	38,737	0	115,211	163,629
TOTAL CURRENT ASSETS	<u>108,421</u>	<u>428,607</u>	<u>188,123</u>	<u>132,708</u>	<u>749,437</u>	<u>857,858</u>
CURRENT LIABILITIES						
DEFERRED TUITION	71,286	294,863	101,534	151,687	548,085	619,371
TOTAL CURRENT LIABILITIES	<u>71,286</u>	<u>294,863</u>	<u>101,534</u>	<u>151,687</u>	<u>548,085</u>	<u>619,371</u>
Working capital excess/(shortfall)	37,135	133,744	86,588	(18,980)	201,352	238,487

*Reserve for uncollectible accounts as of 6/30/19 has not been determined as contemplated by the Accounting Principles as of the date hereof

**Imperial Irrigation District -\$3500

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT, dated as of [_____], 2019 (this "Agreement"), is entered into by and between Sanbarcollbuscom, Incorporated, a California corporation ("Seller"), and San Joaquin Valley College, Inc., a California corporation ("Purchaser"). Capitalized terms used but not otherwise defined herein shall have their respective meanings given in that certain Asset Purchase Agreement, dated as of September 19, 2019 (the "Asset Purchase Agreement"), by and among Seller, Purchaser and Dean Johnston and Matthew Johnston (together with Dean Johnston, the "Owners").

WHEREAS, the execution and delivery of this Agreement by Purchaser is a condition to the obligations of Seller and Owners to consummate the transactions contemplated by the Asset Purchase Agreement; and

WHEREAS, the execution and delivery of this Agreement by Seller is a condition to the obligations of Purchaser to consummate the transactions contemplated by the Asset Purchase Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements and covenants set forth in the Asset Purchase Agreement and hereinafter set forth, Purchaser and Seller, hereby agree as follows:

1. Assignment. Seller does hereby sell, assign, transfer, convey and deliver to Purchaser and its successors and assigns, all of Seller's legal, beneficial and other right, title and interest in and to all of the Assumed Liabilities.

2. Assumption of Liabilities. Purchaser hereby accepts such assignment and assumes, and agrees to pay, perform and discharge, as and when due, in accordance with the Asset Purchase Agreement, each of, but only, the Assumed Liabilities. Notwithstanding anything to the contrary contained herein, Purchaser is not assuming any of the Excluded Liabilities.

3. No Implied Rights of Third Parties. Nothing in this Agreement shall confer any rights, remedies or claims upon any Person or entity not a Party or a permitted assignee of a Party to this Agreement.

4. Conflicts. The parties hereto acknowledge and agree that the representations, warranties, covenants, agreements and indemnities contained in the Asset Purchase Agreement shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein. In the event of any conflict or inconsistency between the terms of the Asset Purchase Agreement and the terms of this Agreement, the terms of the Asset Purchase Agreement shall govern.

5. Amendment. This Agreement may not be amended except by an instrument in writing signed on behalf of each of Purchaser and Seller.

6. Counterparts. This Agreement may be signed in any number of counterparts, and delivered via facsimile or similar electronic transmittal, with the same effect as if the signatures to each counterpart were upon a single instrument, and all such counterparts together shall be deemed an original of this Agreement.

7. Governing Law. This Agreement and any claim or controversy hereunder shall be governed by and construed in accordance with the Laws of the State of California without giving effect to the principles of conflict of laws thereof.

[The remainder of this page intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto as of the date first above written.

PURCHASER:

SAN JOAQUIN VALLEY COLLEGE, INC.

By: _____

Name:

Title:

SELLER:

SANBARCOLLBUSCOM, INCORPORATED

By: _____

Name:

Title:

BILL OF SALE

THIS BILL OF SALE, dated as of [_____], 2019 (this “Bill of Sale”), is from Sanbarcollbuscom, Incorporated, a California corporation (“Seller”), to San Joaquin Valley College, Inc., a California corporation (“Purchaser”). Capitalized terms used but not otherwise defined herein shall have their respective meanings given in that certain Asset Purchase Agreement, dated as of September 19, 2019 (the “Asset Purchase Agreement”), by and among Seller, Purchaser and Dean Johnston and Matthew Johnston.

WHEREAS, the execution and delivery of this Bill of Sale by Seller is a condition to the obligations of Purchaser to consummate the transactions contemplated by the Asset Purchase Agreement.

NOW, THEREFORE, in consideration of the promises and mutual agreements set forth in the Asset Purchase Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller hereby agrees as follows:

1. Conveyance. Seller does hereby sell, assign, transfer, convey and deliver to Purchaser and its successors and assigns free and clear of all Encumbrances (other than Permitted Encumbrances), forever, all right, title and interest of every kind and nature in and to all of the Acquired Assets.

2. No Representations. Purchaser acknowledges that Seller makes no representation or warranty with respect to the assets being conveyed hereby except as specifically set forth in the Asset Purchase Agreement.

3. Conflicts. The Parties acknowledge and agree that the representations, warranties, covenants, agreements and indemnities contained in the Asset Purchase Agreement shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein. In the event of any conflict or inconsistency between the terms of the Asset Purchase Agreement and the terms of this Bill of Sale, the terms of the Asset Purchase Agreement shall govern.

4. Electronic Transmission. This Bill of Sale may be executed and delivered by facsimile transmission or by means of portable document format (pdf) sent via email, which shall be deemed to be an original.

5. Governing Law. This Bill of Sale and any claim or controversy hereunder shall be governed by and construed in accordance with the Laws of the State of California without giving effect to the principles of conflict of laws thereof.

6. No Implied Rights of Third Parties. Nothing in this Bill of Sale shall confer any rights, remedies or claims upon any Person or entity not a Party or a permitted assignee of a Party to this Bill of Sale.

7. Amendment. This Bill of Sale may not be amended except by an instrument in writing signed on behalf of each of Purchaser and Seller.

[The remainder of this page intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, this Bill of Sale has been executed by Seller as of the date first above written.

SELLER:

SANBARCOLLBUSCOM, INCORPORATED

By: _____

Name:

Title:

EXHIBIT E

Lease Terms Final Summary-Santa Maria

These apply accordingly to the following building lease agreements at:

1. 305 East Plaza Drive
2. 303 East Plaza Drive
3. 313A East Plaza Drive

Terms:

- 3 year term with option to terminate after 18 months if Landlord has not completed the following improvements to Tenant's satisfaction:
 - Repaint Exterior
 - Replace Roof
 - Remove existing and replace parking lot area
 - Replace Landscaping
- Two options at 3 years each option
- Option to Exit- 30 days' notice if deferred maintenance is incomplete
- 180 day notice for extension options
- SF Measurements: 305=5942, 303-5942, 313A-3862 = total SF 15,746
Subject to BOMA verification and Tenant to verify within 30 days of execution
- Rental Rate – \$257,000 annual Modified Gross
- Operating Expenses –Tenant pays electric and janitorial only
- Rental Rate Adjustment –Flat 3 years, based upon 95% FMV during option terms
- Tenant Improvement Allowance – None
- Parking – -Parking as is utilizing street availability
- Security Deposit – none

EXHIBIT F

Sublease Terms Final Summary-Rancho Mirage

These apply accordingly to the following building sublease agreement at:

1. 34275 Monterey Avenue

Terms:

- Initial Term – Three Years
- Extension Options – 2 options at 3 Years per option
- Option Exercise Notification – 180 days prior to expiration
- Square Footage – -SF Measurement: 41,862 Subject to BOMA verification and Subtenant to verify within 30 days of execution
- Rental Rate
 - Months 1 thru 6 - \$28,750 per mo. NNN (41,862 sf)
 - Months 7 thru 36 - \$40,117.75 per mo. NNN (41,862 sf)
- 3- Year initial term, rent agreed as per above. Additional option terms based upon 95% Fair Market
- Operating Expenses – NNN sublease with Subtenant paying all Operating Expenses, including Property Taxes, Insurance, Utilities, Janitorial, Shopping Center CAM and Repairs and Maint. (Capital Improvements paid by Landlord). Subtenant's obligation to pay NNN expenses shall be applied for the entire building
- Option Rate – Based upon 95% of then Market Rate
- Subtenant Improvement Allowance – None
- Parking – Parking as is utilizing street availability
- Security Deposit – None

DISCLOSURE SCHEDULES

These Disclosure Schedules are being delivered in connection with the Asset Purchase Agreement (“Agreement”) made and entered into as of September 19, 2019 (the “Effective Date”), by and among San Joaquin Valley College, Inc., a California corporation (“Purchaser”), Sanbarcollbuscom, Incorporated, a California corporation (“Seller”), Dean Johnston and Matthew Johnston (together with Dean Johnston, the “Owners”).

Without limiting the generality of the foregoing, the fact that any disclosure in these Disclosure Schedules or the attachments to these Disclosure Schedules is not required to be disclosed in order to render the applicable disclosure, representation or warranty true and correct shall not be deemed or construed to expand the scope of any representation or warranty hereunder or to establish a standard of disclosure in respect of any representation or warranty. The word “None” when used in these Disclosure Schedules denotes that no exception is taken to the particular disclosure, representation or warranty.

All Schedule headings in these Disclosure Schedules correspond to the sections of the Agreement, but information provided in any Schedule of these Disclosure Schedules shall be deemed to relate to and to qualify only the particular representation or warranty set forth in the corresponding numbered section in the Agreement and any other section in the Agreement to the extent the applicability of such disclosure to such other representation and warranty is reasonably apparent (without examining any underlying or referenced documents). Nothing contained in these Disclosure Schedules shall be deemed an admission to any third party other than Purchaser for any purpose. Capitalized terms appearing in these Disclosure Schedules but not otherwise defined shall have the meanings ascribed to such terms in the Agreement.

Schedule 1.1(a)

Purchaser's Plans for the Post-Closing Operation of the Schools

Following the closing, Purchaser plans for the following:

- SBBC will continue to provide classroom instruction and academic support services to all students in all programs and modalities.
- SBBC will continue to meet all standards and requirements of ACCSC and ACICS, its institutional accreditors.
- SBBC will discontinue new enrollment in all programs with the exception of VN.
- SBBC will continue VN enrollment until SJVC receives all required institutional approvals to offer its own VN program in Santa Maria, Bakersfield and Rancho Mirage.
- SBBC will enter into service agreements with SJVC for select administrative services and student support on the ground campus operations.
- SJVCI will provide shared business services and administrative support through Ember Education (EE) to SBBC and its students.
- SJVC will establish two new campus locations, co-located with current SBBC campuses, in Santa Maria and Rancho Mirage.
- SJVC will offer the same or similar programs to SBBC, with the exception of Paralegal and any/all Bachelor's and Master's credential programs.
- SJVC will introduce new programs which are offered successfully on other SJVC campuses.
- SJVC will provide administrative and student support services to SBBC faculty and its students, in accordance with its service agreements.
- SJVC will pursue approval from the CA BVNPT to establish SJVC VN programs in Santa Maria, Bakersfield and Rancho Mirage, effectively supplanting the current SBBC programs over time.

Schedule 1.1(b)
Restricted Business

- Bachelor of Science in Business Administration
- Associate of Science in Business Administration
- Associate of Science in Medical Assisting
- Associate of Science in Medical Office Administration
- Associate of Science in Pharmacy Technology
- Diploma in Heating, Ventilation and Air Conditioning
- Diploma in Medical Assisting
- Diploma in Medical Office Administration
- Diploma in Vocational Nursing
- Master of Business Administration
- Master of Business Administration – Distance Education
- Bachelor of Science in Business Administration – Distance Education
- Bachelor of Science in Criminal Justice
- Bachelor of Science in Criminal Justice – Distance Education
- Bachelor of Science in Healthcare Administration – Distance Education
- Associate of Science in Business Administration – Distance Education
- Associate of Science in Computer and Network Support
- Associate of Science in Computer and Network Support – Distance Education
- Associate of Science in Electronic Engineering Technology
- Associate of Science in Medical Office Administration – Distance Education
- Associate of Science in Paralegal Studies
- Associate of Science in Paralegal Studies – Distance Education
- Diploma in Computer Support Technician
- Diploma in Computer Support Technician – Distance Education
- Diploma in Medical Office Administration – Distance Education

Schedule 1.1(c)
SBBC System Employees

Bakersfield:

Name	Job Title	FLSA Description	Worker Category Description
*Ott, Samantha C.	Admissions Associate	Non-exempt	Full-time Regular
*Wennihan, Tiffany L.	Admissions Associate	Non-exempt	Full-time Regular
Alvarez, Nicole L.	Campus Director	Exempt	Full-time Regular
**Reinhard, Patrick E.	Director of Nursing	Exempt	Full-time Regular
*Miranda, Crystal C.	Admissions Associate	Non-exempt	Full-time Regular
Rapoza, Melissa M.	Career Service Coordinator	Non-exempt	Full-time Regular
*Garcia, Makenna R.	Admissions Associate	Non-exempt	Full-time Regular
Chavez, Karina	Registrar	Non-exempt	Full-time Regular
Knapps, Damon L.	Financial Services Coordinator	Non-exempt	Full-time Regular
Cameron, Haley	Admin Asst / Receptionist	Non-exempt	Full-time Regular
*Miller, Yessenia C	Admissions Associate	Non-exempt	Full-time Regular
*Macedo, Lisa M.	Admissions Associate	Non-exempt	Full-time Regular
Joseph, Chloe A.	LRC Assistant	Non-exempt	Full-time Regular
*Gomez, Leah A.	Financial Services Manager	Exempt	Full-time Regular
*Juarez, Rocio	Admissions Manager	Exempt	Full-time Regular
*Quiroz, Debra	Admissions Associate	Non-exempt	Full-time Regular
Kelly, Rachel E.	Librarian	Exempt	Full-time Regular
Powell, Tiffany E.	Work Study Student	Non-exempt	Part-time Regular
*Brown, Yesenia F	Admissions Associate	Non-exempt	Part-time Regular
*Rios, Mia A.	Admissions Associate	Non-exempt	Part-time Regular
Shorter, Vanity A.	LVN Instructor	Non-exempt	Full-time Regular
Barnett, Carol C.	LVN Instructor	Exempt	Full-time Regular
Frost, Robert A.	HVAC Instructor	Exempt	Full-time Regular
Luna, Elsa C.	LVN Instructor	Exempt	Full-time Regular
Brown, Martin	LVN Instructor	Exempt	Full-time Regular
Johns, Elizabeth J.	Medical Instructor	Exempt	Full-time Regular
Alonzo, Reyes	Business Instructor	Non-exempt	Part-time Regular
Coble, Wesley A.	General Instructor	Non-exempt	Part-time Regular
Dillingham, Maria	Business Instructor	Non-exempt	Part-time Regular
Moore, Victor A.	LVN Instructor	Non-exempt	Part-time Regular
Arredondo, Nichole M.	Medical Instructor	Non-exempt	Part-time Regular
Canaday, Randy O.	Business Instructor	Non-exempt	Part-time Regular
Alva, Christina A.	Medical Instructor	Non-exempt	Part-time Regular
Franklin, Rane M.	Business Instructor	Non-exempt	Part-time Regular
Atchue, Tyler J.	LVN Instructor	Non-exempt	Part-time Regular
Jose, Karen B.	LVN Instructor	Non-exempt	Part-time Regular
Lee, Kate C.	Legal Instructor	Non-exempt	Part-time Regular
Hickey, Jennifer M.	Work Study Student	Non-exempt	Part-time Regular
Mata, Michael A	Legal Instructor	Non-exempt	Part-time Regular
Marroquin, Isabel A.	Work Study Student	Non-exempt	Part-time Regular
Smith, Daniel C.	Business Instructor	Non-exempt	Part-time Regular
Frost, Tyler A.	HVAC Instructor	Non-exempt	Part-time Regular
Nagle, Felicia D.	Legal Instructor	Non-exempt	Part-time Regular
Fore, Raquel D.	Business Program Lead	Non-exempt	Part-time Regular
Allen, Dennis A.	Legal Instructor	Non-exempt	Part-time Regular

Bunton, Cynda L.	Legal Instructor	Non-exempt	Part-time Regular
Dutton, John C	General Instructor	Non-exempt	Part-time Regular
Garza, Isaac E.	Legal Instructor	Non-exempt	Part-time Regular
Blanche, Marsha L.	Medical Instructor	Non-exempt	Part-time Regular
Brancato, Joseph N.	Technical Instructor	Non-exempt	Part-time Regular
Demison, Danielle S.	Medical Instructor	Non-exempt	Part-time Regular
Duncan, Michelle R.	General Instructor	Non-exempt	Part-time Regular
Garcia, Walter B.	Business Instructor	Non-exempt	Part-time Regular
Maguire, Toby J.	General Instructor	Non-exempt	Part-time Regular
Mejia, Norma	LVN Instructor	Exempt	Part-time Regular

*Enrollment Center staff, based out of Bakersfield

**Director of Nursing for Santa Maria Campus also

Bakersfield – Distance Education:

Name	Job Title	FLSA Description	Worker Category Description
Gonoude, Kathleen M.	Student Services Coordinator	Non-exempt	Full-time Regular
Neves, Silvia R.	Academic Dean	Exempt	Full-time Regular
Paramo, Ivana M.	Student Services Coordinator	Non-exempt	Full-time Regular
George, Dawn M.	Technology Manager	Exempt	Full-time Regular
Vargas, Margaret A.	Career Services Manager	Exempt	Full-time Regular
Sanchez, Raquel	Student Services Coordinator	Exempt	Full-time Regular
Dominguez, Jessica	Financial Services Manager	Non-exempt	Full-time Regular
Vargas, Moses Francisco	Student Services Manager	Exempt	Full-time Regular
Asamsama-Acuna, Gabriella	Dir of Records Management	Exempt	Full-time Regular
Mitchell, Brian	Instructional Designer	Exempt	Full-time Regular
Kelly, Rachel E.	Librarian	Exempt	Full-time Regular
Fryc, Gozde	General Instructor	Non-exempt	Part-time Regular
AlKassir, Saif A.	General Instructor	Non-exempt	Part-time Regular
Paz, Veronica C.	Business Instructor	Non-exempt	Part-time Regular
Le Donne, Isaiah N.	Medical Instructor	Non-exempt	Part-time Regular
Udoji, Kelly N	Medical Instructor	Non-exempt	Part-time Regular
Lebowitz, Daniel A.	General Instructor	Non-exempt	Part-time Regular
Tamez, Sandra	General Instructor	Non-exempt	Part-time Regular
Kaelin, Michael E.	Business Instructor	Non-exempt	Part-time Regular
Wallgard, Kristin M.	Medical Instructor	Non-exempt	Part-time Regular
Jones, Lisa J.	General Instructor	Non-exempt	Part-time Regular
Ochs, Debra A.	Business Instructor	Non-exempt	Part-time Regular
Skinner, Billy W	General Instructor	Non-exempt	Part-time Regular
Shofner, Joseph M.	Legal Instructor	Non-exempt	Part-time Regular
Olson, Scott A.	General Instructor	Non-exempt	Part-time Regular
Ashman, Ellen E.	General Instructor	Non-exempt	Part-time Regular
Ashraf, Shazia	Medical Instructor	Non-exempt	Part-time Regular
Winans, Ashley E.	Medical Instructor	Non-exempt	Part-time Regular
Berg, Katrina E.	Business Instructor	Non-exempt	Part-time Regular
Dickens, Derick R.	Business Instructor	Non-exempt	Part-time Regular
Framan, Theodore O.	Business Instructor	Non-exempt	Part-time Regular
Rojas, Shiela Y.	Business Instructor	Non-exempt	Part-time Regular
Flores, Jimmie	Business Instructor	Non-exempt	Part-time Regular
Pickering, Justin L.	General Instructor	Non-exempt	Part-time Regular
Johnson, Jennifer	Business Instructor	Non-exempt	Part-time Regular
Smith, Gregory R.	General Instructor	Non-exempt	Part-time Regular
Ramirez, Elizabeth	General Instructor	Non-exempt	Part-time Regular

Rancho Mirage:

Name	Job Title	FLSA Description	Worker Category Description
Finn, Christopher V.	Campus Director	Exempt	Full-time Regular
Vidrio, Yasselen	Financial Services Coordinator	Non-exempt	Full-time Regular
Rodriguez, Eric R.	Registrar	Non-exempt	Full-time Regular
DiBello, Amy L.	Career Services Manager	Exempt	Full-time Regular
Robinson, James F.	LVN Instructor	Exempt	Full-time Regular
Kimbler, Leonard J.	Program Lead HVAC	Exempt	Full-time Regular
Taylor, Angela D.	LVN Instructor	Exempt	Full-time Regular
Ryan, Timothy J.	Director of Nursing	Exempt	Full-time Regular
Roland, Vicki L.	Department Lead	Exempt	Full-time Regular
Kelly, Rachel E.	Librarian	Exempt	Full-time Regular
Kraychir, Hank R.	Program Lead Business/Instructor	Non-exempt	Part-time Regular
Trudeau, Debra A.	Medical Instructor	Non-exempt	Part-time Regular
Salado, Brian G.	Business Instructor	Non-exempt	Part-time Regular
Zamora Silva, Juana	Work Study Student	Non-exempt	Part-time Regular
Puga, Alberto Jr	HVAC Instructor	Non-exempt	Part-time Regular
Wilson, Sharon	LVN Instructor	Non-exempt	Part-time Regular
Cervantes, Edina C.	Business Instructor	Non-exempt	Part-time Regular
Zamora, Leslie J.	Work Study Student	Non-exempt	Part-time Regular
Peterson, Peggy A.	Medical Instructor	Non-exempt	Part-time Regular
Edwards, Victoria M.	Legal Instructor	Non-exempt	Part-time Regular
Contreras, Esmeralda Reyes	LRC Assistant/Receptionist	Non-exempt	Part-time Regular
Zagar, Susanna M.	General Instructor	Non-exempt	Part-time Regular
Castro, Evelyn	Medical Instructor	Non-exempt	Part-time Regular
Huynh, Kim Chi	Business Instructor	Non-exempt	Part-time Regular
Gutierrez, Japhet	Medical Instructor	Non-exempt	Part-time Regular
Inman, Maria T.	Legal Instructor	Non-exempt	Part-time Regular
Miller, Louise B.	General Instructor	Non-exempt	Part-time Regular
Walker Mdluli, Cessily	General Instructor	Non-exempt	Part-time Regular
Contreras, Jeronimo G.	Legal Instructor	Non-exempt	Part-time Regular
Hassey, Dan H.	Business Instructor	Non-exempt	Part-time Regular
Patterson, Alan D.	General Instructor	Non-exempt	Part-time Regular
Parris, Zenora L.	LVN Instructor	Non-exempt	Part-time Regular
Feig, Peggy E.	LVN Instructor	Non-exempt	Part-time Regular
Hayashi, James D.	General Instructor	Non-exempt	Part-time Regular
Ramirez, Elizabeth	General Instructor	Non-exempt	Part-time Regular
Gonzalez, Edmundo	Business Instructor	Non-exempt	Part-time Regular

Santa Maria:

Name	Job Title	FLSA Description	Worker Category Description
Barragan, Homero	Academic Dean	Exempt	Full-time Regular
Huitron, Jose A.	Director of Career Services	Exempt	Full-time Regular
Machado, Heather D	Campus Director	Exempt	Full-time Regular
Purisima, Arlene D	Financial Aid Manager	Non-exempt	Full-time Regular
Cedillo, Alicia T.	LVN Lead/Instructor	Exempt	Full-time Regular
Pfisterer, Sherri A.	LVN Instructor	Exempt	Full-time Regular
Kirkendoll, Amanda J.	LVN Instructor	Exempt	Full-time Regular

Mainville, Stephen K.	HVAC Instructor	Exempt	Full-time Regular
Turner, Kelli L.	LVN Instructor	Exempt	Full-time Regular
Kelly, Rachel E.	Librarian	Exempt	Full-time Regular
Mendez, Javier N.	Legal Instructor	Non-exempt	Part-time Regular
Domingues, Guinevere N.	Department Lead	Non-exempt	Part-time Regular
Dullen, Linda A.	Business Instructor	Non-exempt	Part-time Regular
Holley, Alisha L.	Business Instructor	Non-exempt	Part-time Regular
Nichols, Jon A.	HVAC Instructor	Non-exempt	Part-time Regular
Domingues, Sari M.	Business Instructor	Non-exempt	Part-time Regular
Harford-Nourse, Elisabeth K.	LRC Assistant	Non-exempt	Part-time Regular
Spears, William R.	Legal Instructor	Non-exempt	Part-time Regular
Amer, Hani S.	Pharmacy Tech Instructor	Non-exempt	Part-time Regular
Wilde, Lacey J.	Medical Instructor	Non-exempt	Part-time Regular
Korientz, Charles E.	Business Instructor	Non-exempt	Part-time Regular
Richardson, Victoria R.	General Instructor	Non-exempt	Part-time Regular
Wickers, Christopher D.	Business Instructor	Non-exempt	Part-time Regular
Evans, Latonya	General Instructor	Non-exempt	Part-time Regular

Schedule 2.3 Excluded Assets

Excluded Items

All tangible assets at the Administrative Office including:

1. Furniture (desks, chair, conference table, white boards)
2. File cabinets
3. Printers
4. Docking stations
5. Laptops/computers
6. Misc. decorations (wall pictures, misc. decor)
7. Equipment (projectors, SmartBoards)

Audio/Video Equipment

1. All Audio/Video equipment not physically secured or mounted at any of the SBBC Campuses including, but not limited to:
 - a. All speakers including bags, cases, covers and any accessories directly related to the operation of the speakers.
 - b. All speakers poles including bags, cases, covers and any accessories directly related to the operation, transportation, and storage of the speaker poles.
 - c. All mixers including bags, cases, covers and any accessories directly related to the operation, transportation, and storage of the mixers.
 - d. All projector screens including bags, cases, covers and any accessories directly related to the operation, transportation, and storage of the projector screens.
 - e. All projectors including bags, cases, covers and any accessories directly related to the operation, transportation, and storage of the projectors.
 - f. All microphones including bags, cases, covers and any accessories directly related to the operation, transportation, and storage of the microphones.
 - g. All microphone stands including bags, cases, covers and any accessories directly related to the operation, transportation, and storage of the microphone stands.
 - h. All cables including, but not limited to audio, electrical, HDMI and any accessories directly related to the operation, transportation, and storage of the cables.
 - i. All carts, cases, rolling cases, bags, tubs, reels, and any other items directly related to the operation, transportation, and storage of the Audio/Visual equipment.

ID Card Printer System

1. All ID Card printer system components not physically located or stored at any of the SBBC Campuses, including, but not limited to:
 - a. All ID Card printers including any accessories directly related to the operation and storage of the ID Card printers.
 - b. All ID Card printer ribbons.

- c. All ID Card software including licensing, media, and security devices and any other items directly related to the installation and operation of the ID Card software.

Tools

1. All tools and items that can be referred to as tools not physically located or stored at any of the SBBC Campuses, including, but not limited to:
 - a. All hand tools including bags, cases, covers and any accessories directly related to the operation, transportation, and storage of the hand tools.
 - b. All power tools including bags, cases, covers and any accessories directly related to the operation of the power tools.
 - c. All tool batteries including bags, cases, covers, chargers and any accessories directly related to operation, transportation, and storage of the tool batteries.
 - d. All ladders including bags, cases, covers and any accessories directly related to the operation, transportation, and storage of the ladders.
 - e. All cable installation equipment including, but not limited to poles, fish tape and any accessories directly related to the operation, transportation, and storage of the cable installation equipment.
 - f. All testing equipment including, but not limited to cable testing, electrical testing, computer testing, server testing, network testing and all bags, cases, covers, chargers, and any other accessories directly related to the operation, transportation, and storage of the testing equipment.
 - g. All miscellaneous and/or consumable items including, but not limited to wall jacks, wall plates, screws, bolts, washers, light bulbs, drywall, paint, electrical cable, network cable, audio/video cable, zip ties, tape and any accessories directly related to the operation, transportation, storage, installation, and removal of these items.

Schedule 2.6(a)(ix)

Consents

1. Consent to assignment of the Lease with respect to the Leased Property at 5300 California Avenue, Bakersfield, CA 93309 from the landlord.

Schedule 2.8

Rent Abatement Properties

1. Sublease with respect to the Leased Property at 34275 Monterey Ave., Rancho Mirage, CA 92270.

Schedule 4.4
Capitalization

SANBARCOLLBUSCOM, INCORPORATED			
Cap Table - Without Options			
Shareholder	Voting Common	Nonvoting Common	Total Shares w/o Options
Dean Johnston	3,675	41,730	45,405
Matt Johnston	0	11,744	11,744
Wallace Wong Children's Revocable Trust	3,825	5,191	9,016
Elizabeth Wong	0	6,172	6,172
Total:	7,500	64,837	72,337

SANBARCOLLBUSCOM, INCORPORATED			
* Options			
Option Holder	Options for Voting Shares	Options for Nonvoting Shares	Total Options
*Dean Johnston	75	0	75
*Matt Johnston	1,875	16,209	18,084
Total:	1,950	16,209	18,159
<p>*Note: Brad Wong has an option to acquire Nonvoting Shares equal to 10% of the outstanding equity of the Company directly from Dean and Matt (5% each). If exercised, Brad would receive 4,524 shares from each of Dean and Matt for a total of 9,048 Nonvoting Shares.</p>			

Schedule 5.4

No Defaults or Conflicts

1. Elsevier Educational Solutions Master Agreement by and between Elsevier Inc. ("Elsevier") and Seller, dated August 10, 2015, cannot be assigned without the prior written consent of Elsevier.
2. Lease with respect to the Leased Property at 5300 California Avenue, Bakersfield, CA 93309 cannot be assigned without the prior written consent of the landlord.

Schedule 5.6(b)
Pro Forma Financial Statements

See Attachment 5.6(b).

BAL SHEET -TANGIBLE NET WORTH

AS OF 4/30/2019						
	025780 SANTA MARIA	BAKERSFIELD	RANCHO MIRAGE	DISTANCE ED	025779 TOTAL	TOTAL TRANSACTION
CURRENT ASSETS						
CASH	0	0	0	0	0	0
ACCOUNTS RECEIVABLE-IN SCHOOL ONLY	136,481	281,599	144,652	91,570	517,821	654,302
TOTAL CURRENT ASSETS	136,481	281,599	144,652	91,570	517,821	654,302
FIXED ASSETS CUMMULATIVE THRU 6/30/2018						
CLASSROOM FURNITURE/EQUIP	479,890	715,707	359,720	0	1,075,427	1,555,316
DEPRECIATION	(468,494)	(696,365)	(347,455)	0	(1,043,820)	(1,512,314)
LEASEHOLD IMPROVEMENT		362,740		0	362,740	362,740
DEPRECIATION		(262,439)		0	(262,439)	(262,439)
OFFICE FURNITURE/EQUIPMENT	116,203	314,569	214,584	0	529,154	645,357
DEPRECIATION	(116,203)	(314,569)	(214,460)	0	(529,030)	(645,233)
OFFICE COMPUTERS AND PERIPHERALS	10,741	21,550	10,741	0	32,292	43,033
DEPRECIATION	(3,222)	(3,815)	(3,222)	0	(7,037)	(10,260)
TOTAL FIXED ASSETS THRU 6/30/2018	18,914	137,378	19,908	0	157,286	176,201
ESTIMATED FIXED ASSETS FY 2018-2019						
CLASSROOM FURNITURE/EQUIP	0	0	0	0	0	0
DEPRECIATION	(6,383)	(11,431)	(12,265)	0	(23,696)	(30,079)
LEASEHOLD IMPROVEMENT		0		0	0	0
DEPRECIATION		(21,515)		0	(21,515)	(21,515)
OFFICE FURNITURE/EQUIPMENT	0	0	0	0	0	0
DEPRECIATION	0	0	(124)	0	(124)	(124)
OFFICE COMPUTERS AND PERIPHERALS	3,187	3,704	2,130	0	5,835	9,022
DEPRECIATION	(2,592)	(3,355)	(3,271)	0	(6,626)	(9,218)
TOTAL FIXED ASSETS FY 2018-2019	(5,788)	(32,596)	(13,530)	0	(46,126)	(51,914)
NET FIXED ASSETS PROJECTED FYE 2019	13,126	104,782	6,378	0	111,160	124,287
OTHER ASSETS						
NONE	0	0	0	0	0	0
TOTAL OTHER ASSETS	0	0	0	0	0	0
TOTAL ASSETS	149,607	386,381	151,030	91,570	628,981	778,589
CURRENT LIABILITIES						
ACCOUNTS PAYABLE	0	0	0	0	0	0
DEFERRED TUITION	191,756	278,971	141,262	214,821	635,054	826,810
TOTAL CURRENT LIABILITIES	191,756	278,971	141,262	214,821	635,054	826,810
LONG TERM LIABILITIES						
NONE	0	0	0	0	0	0
TOTAL LONG TERM LIABILITES	0	0	0	0	0	0
TOTAL LIABILITIES	191,756	278,971	141,262	214,821	635,054	826,810
GOODWILL INTANGIBLES	0	0	0	0	0	0
EQUITY-TANGIBLE NET WORTH	(42,149)	107,410	9,769	(123,251)	(6,073)	(48,221)

BAL SHEET -TANGIBLE NET WORTH

AS OF 5/31/2019						
	025780 SANTA MARIA	BAKERSFIELD	RANCHO MIRAGE	DISTANCE ED	025779 TOTAL	TOTAL TRANSACTION
CURRENT ASSETS						
CASH	0	0	0	0	0	0
ACCOUNTS RECEIVABLE-IN SCHOOL ONLY	70,420	485,624	177,247	185,531	848,402	918,822
TOTAL CURRENT ASSETS	70,420	485,624	177,247	185,531	848,402	918,822
FIXED ASSETS CUMMULATIVE THRU 6/30/2018						
CLASSROOM FURNITURE/EQUIP	479,890	715,707	359,720	0	1,075,427	1,555,316
DEPRECIATION	(468,494)	(696,365)	(347,455)	0	(1,043,820)	(1,512,314)
LEASEHOLD IMPROVEMENT		362,740		0	362,740	362,740
DEPRECIATION		(262,439)		0	(262,439)	(262,439)
OFFICE FURNITURE/EQUIPMENT	116,203	314,569	214,584	0	529,154	645,357
DEPRECIATION	(116,203)	(314,569)	(214,460)	0	(529,030)	(645,233)
OFFICE COMPUTERS AND PERIPHERALS	10,741	21,550	10,741	0	32,292	43,033
DEPRECIATION	(3,222)	(3,815)	(3,222)	0	(7,037)	(10,260)
TOTAL FIXED ASSETS THRU 6/30/2018	18,914	137,378	19,908	0	157,286	176,201
ESTIMATED FIXED ASSETS FY 2018-2019						
CLASSROOM FURNITURE/EQUIP	0	0	0	0	0	0
DEPRECIATION	(6,383)	(11,431)	(12,265)	0	(23,696)	(30,079)
LEASEHOLD IMPROVEMENT		0		0	0	0
DEPRECIATION		(21,515)		0	(21,515)	(21,515)
OFFICE FURNITURE/EQUIPMENT	0	0	0	0	0	0
DEPRECIATION	0	0	(124)	0	(124)	(124)
OFFICE COMPUTERS AND PERIPHERALS	3,187	3,704	2,130	0	5,835	9,022
DEPRECIATION	(2,592)	(3,355)	(3,271)	0	(6,626)	(9,218)
TOTAL FIXED ASSETS FY 2018-2019	(5,788)	(32,596)	(13,530)	0	(46,126)	(51,914)
NET FIXED ASSETS PROJECTED FYE 2019	13,126	104,782	6,378	0	111,160	124,287
OTHER ASSETS						
NONE	0	0	0	0	0	0
TOTAL OTHER ASSETS	0	0	0	0	0	0
TOTAL ASSETS	83,546	590,406	183,625	185,531	959,562	1,043,108
CURRENT LIABILITIES						
ACCOUNTS PAYABLE	0	0	0	0	0	0
DEFERRED TUITION	194,624	588,896	214,591	304,905	1,108,392	1,303,017
TOTAL CURRENT LIABILITIES	194,624	588,896	214,591	304,905	1,108,392	1,303,017
LONG TERM LIABILITIES						
NONE	0	0	0	0	0	0
TOTAL LONG TERM LIABILITES	0	0	0	0	0	0
TOTAL LIABILITIES	194,624	588,896	214,591	304,905	1,108,392	1,303,017
GOODWILL INTANGIBLES	0	0	0	0	0	0
EQUITY-TANGIBLE NET WORTH	(111,078)	1,510	(30,966)	(119,374)	(148,830)	(259,908)

BAL SHEET -TANGIBLE NET WORTH

AS OF 6/30/2019						
	025780 SANTA MARIA	BAKERSFIELD	RANCHO MIRAGE	DISTANCE ED	025779 TOTAL	TOTAL TRANSACTION
CURRENT ASSETS						
CASH	0	0	0	0	0	0
ACCOUNTS RECEIVABLE-IN SCHOOL ONLY	60,003	352,133	145,885	132,708	630,726	690,729
TOTAL CURRENT ASSETS	60,003	352,133	145,885	132,708	630,726	690,729
FIXED ASSETS CUMMULATIVE THRU 6/30/2018						
CLASSROOM FURNITURE/EQUIP	479,890	715,707	359,720	0	1,075,427	1,555,316
DEPRECIATION	(468,494)	(696,365)	(347,455)	0	(1,043,820)	(1,512,314)
LEASEHOLD IMPROVEMENT		362,740		0	362,740	362,740
DEPRECIATION		(262,439)		0	(262,439)	(262,439)
OFFICE FURNITURE/EQUIPMENT	116,203	314,569	214,584	0	529,154	645,357
DEPRECIATION	(116,203)	(314,569)	(214,460)	0	(529,030)	(645,233)
OFFICE COMPUTERS AND PERIPHERALS	10,741	21,550	10,741	0	32,292	43,033
DEPRECIATION	(3,222)	(3,815)	(3,222)	0	(7,037)	(10,260)
TOTAL FIXED ASSETS THRU 6/30/2018	18,914	137,378	19,908	0	157,286	176,201
ESTIMATED FIXED ASSETS FY 2018-2019						
CLASSROOM FURNITURE/EQUIP	0	0	0	0	0	0
DEPRECIATION	(6,383)	(11,431)	(12,265)	0	(23,696)	(30,079)
LEASEHOLD IMPROVEMENT		0		0	0	0
DEPRECIATION		(21,515)		0	(21,515)	(21,515)
OFFICE FURNITURE/EQUIPMENT	0	0	0	0	0	0
DEPRECIATION	0	0	(124)	0	(124)	(124)
OFFICE COMPUTERS AND PERIPHERALS	3,187	3,704	2,130	0	5,835	9,022
DEPRECIATION	(2,592)	(3,355)	(3,271)	0	(6,626)	(9,218)
TOTAL FIXED ASSETS FY 2018-2019	(5,788)	(32,596)	(13,530)	0	(46,126)	(51,914)
NET FIXED ASSETS PROJECTED FYE 2019	13,126	104,782	6,378	0	111,160	124,287
OTHER ASSETS						
NONE	0	0	0	0	0	0
TOTAL OTHER ASSETS	0	0	0	0	0	0
TOTAL ASSETS	73,130	456,915	152,263	132,708	741,886	815,016
CURRENT LIABILITIES						
ACCOUNTS PAYABLE	0	0	0	0	0	0
DEFERRED TUITION	71,286	294,863	101,534	151,687	548,085	619,371
TOTAL CURRENT LIABILITIES	71,286	294,863	101,534	151,687	548,085	619,371
LONG TERM LIABILITIES						
NONE	0	0	0	0	0	0
TOTAL LONG TERM LIABILITES	0	0	0	0	0	0
TOTAL LIABILITIES	71,286	294,863	101,534	151,687	548,085	619,371
GOODWILL INTANGIBLES	0	0	0	0	0	0
EQUITY-TANGIBLE NET WORTH	1,844	162,053	50,729	(18,980)	193,802	195,645

BAL SHEET -TANGIBLE NET WORTH

AS OF 7/31/2019						
	025780 SANTA MARIA	BAKERSFIELD	RANCHO MIRAGE	DISTANCE ED	025779 TOTAL	TOTAL TRANSACTION
CURRENT ASSETS						
CASH	0	0	0	0	0	0
ACCOUNTS RECEIVABLE-IN SCHOOL ONLY	61,900	344,244	136,482	102,286	583,012	644,912
TOTAL CURRENT ASSETS	61,900	344,244	136,482	102,286	583,012	644,912
FIXED ASSETS CUMMULATIVE THRU 6/30/2018						
CLASSROOM FURNITURE/EQUIP	479,890	715,707	359,720	0	1,075,427	1,555,316
DEPRECIATION	(468,494)	(696,365)	(347,455)	0	(1,043,820)	(1,512,314)
LEASEHOLD IMPROVEMENT		362,740		0	362,740	362,740
DEPRECIATION		(262,439)		0	(262,439)	(262,439)
OFFICE FURNITURE/EQUIPMENT	116,203	314,569	214,584	0	529,154	645,357
DEPRECIATION	(116,203)	(314,569)	(214,460)	0	(529,030)	(645,233)
OFFICE COMPUTERS AND PERIPHERALS	10,741	21,550	10,741	0	32,292	43,033
DEPRECIATION	(3,222)	(3,815)	(3,222)	0	(7,037)	(10,260)
TOTAL FIXED ASSETS THRU 6/30/2018	18,914	137,378	19,908	0	157,286	176,201
ESTIMATED FIXED ASSETS FY 2018-2019 + JULY 2019						
CLASSROOM FURNITURE/EQUIP	0	0	0	0	0	0
DEPRECIATION	(6,915)	(12,384)	(13,287)	0	(25,671)	(32,586)
LEASEHOLD IMPROVEMENT		0		0	0	0
DEPRECIATION		(23,308)		0	(23,308)	(23,308)
OFFICE FURNITURE/EQUIPMENT	0	0	0	0	0	0
DEPRECIATION	0	0	(134)	0	(134)	(134)
OFFICE COMPUTERS AND PERIPHERALS	3,187	3,704	2,130	0	5,835	9,022
DEPRECIATION	(2,808)	(3,635)	(3,544)	0	(7,179)	(9,987)
TOTAL FIXED ASSETS FY 2018-2019	(6,536)	(35,622)	(14,835)	0	(50,457)	(56,993)
NET FIXED ASSETS PROJECTED FYE 2019	12,378	101,756	5,073	0	106,829	119,208
OTHER ASSETS						
NONE	0	0	0	0	0	0
TOTAL OTHER ASSETS	0	0	0	0	0	0
TOTAL ASSETS	74,278	446,000	141,555	102,286	689,842	764,120
CURRENT LIABILITIES						
ACCOUNTS PAYABLE	0	0	0	0	0	0
DEFERRED TUITION	96,845	127,695	98,518	87,225	313,438	410,282
TOTAL CURRENT LIABILITIES	96,845	127,695	98,518	87,225	313,438	410,282
LONG TERM LIABILITIES						
NONE	0	0	0	0	0	0
TOTAL LONG TERM LIABILITES	0	0	0	0	0	0
TOTAL LIABILITIES	96,845	127,695	98,518	87,225	313,438	410,282
GOODWILL INTANGIBLES	0	0	0	0	0	0
EQUITY-TANGIBLE NET WORTH	(22,566)	318,305	43,037	15,061	376,404	353,838

Schedule 5.6(c)
Liabilities

1. TFC Credit Corporation loaned or advanced Seller \$1,000,000 against current and future contracts with TFC Credit Corporation under the Management Servicing Program Agreement.

Schedule 5.7(a)
Encumbrances

1. TFC Credit Corporation has a security interest in and to the following property of Seller: all chattel paper, instruments, promissory notes, accounts, and general and payment intangibles, including, but not limited to, all contracts and contract rights of Seller whether any of the foregoing is owned now by Seller or acquired later; all accessions, additions, replacements and substitutions to any of the foregoing, all records of any kind relating to the foregoing; all proceeds relating to any of the foregoing (including insurance, general intangibles, payment intangibles and account proceeds). TFC Credit Corporation's security interest in the Accounts Receivable of the SBBC System other than any Accounts Receivables with respect to students who are not enrolled in the SBBC System as of the Closing Date will be released prior to Closing.

2. Heritage Oaks Bank (since acquired by Pacific Premier Bank) filed UCC Financing Statement #13-7344881332 on January 15, 2013 covering as collateral all of Seller's Inventory, Chattel Paper, Accounts, Equipment and General Intangibles; whether any of foregoing was owned then or acquired later; all accessions, additions, replacements, and substitutions relating to any of the foregoing; all records of any kind relating to any of the foregoing; and all proceeds relating to any of the foregoing (including insurance, general intangibles and other accounts proceeds). The bank filed a termination statement on July 21, 2017, and then filed a continuation statement on July 28, 2017. Pacific Premier Bank informed Seller that no liens are remaining on July 25, 2019. The bank shall file a termination statement with respect to this Lien prior to the Closing.

Schedule 5.7(b)

Location of Assets and Properties

1. **Bakersfield Campus:** 5300 California Avenue, Bakersfield, CA 93309
2. **Rancho Mirage Campus:** 34275 Monterey Avenue, Rancho Mirage, CA 92270
3. **Santa Maria Campus:**
 - a. 303 East Plaza Drive, Santa Maria, CA 93454
 - b. 305 East Plaza Drive, Santa Maria, CA 93454
 - c. 313A East Plaza Drive, Santa Maria, CA 93454

Schedule 5.7(c)
Personal Property Leases

None.

Schedule 5.8(a)
SBBC Registered Intellectual Property

Registered Trademarks:

Serial Number	Reg. Number	Word Mark	Check Status	Live/Dead
77386012	3511411	Santa Barbara Business College	TSDR	Live
77386008	3495664	SBBCollege	TSDR	Live

Domain Name Registrations:

1. sbbcollege.edu
2. onlinesbbc.com
3. onlinesbbc.net
4. onlinesbbcollege.com
5. onlinesbbcollege.net
6. sbbcollege.com
7. sbbcollege.info
8. sbbcollege.net
9. sbbcollege.org
10. sbbcollege.xxx
11. sbbcollegecares.com
12. sbbcollegecares.net
13. sbbcollegecares.org
14. sbbcollegeonline.com
15. sbbcollegeonline.net
16. sbbconline.com
17. sbbconline.net

Schedule 5.8(b)
IP Licenses

None.

Schedule 5.8(f)

IP Systems

1. Seller's continued ownership of the Joint Retained Assets set forth in Schedule 7.10(b) may impair or interrupt (i) Purchaser's access to and use of, or its right to access and use, Seller IT Systems or any third party databases or third party data used in connection with the business of SBBC System as currently conducted; and (ii) Seller's customers' (including student's) access to and use of Seller IT Systems.

Schedule 5.9
Compliance with Laws

None.

Schedule 5.10(a)
Contracts

None.

Schedule 5.11
Litigation

None.

Schedule 5.12
Taxes

None.

Schedule 5.13(a)
Benefit Plans

1. Dental PPO
2. Group Dental (HMO)
3. Group Vision – Voluntary
4. Group Medical PPO
5. Group Medical HMO
6. Group Medical HMO
7. Life Insurance
8. Long-Term Disability Insurance
9. 401(k) Plan
10. Cafeteria Plan (Healthcare and Dependent Care Flexible Spending Accounts (FSA))
11. Holidays and Paid Vacation
12. Sick Leave
13. Workers' Compensation Insurance
14. Continuing Education
15. Education Reimbursement Program
16. Tuition Reduction Program

Schedule 5.13(d)
ERISA Matters

None.

Schedule 5.14
Employee and Labor Matters

None.

Schedule 5.16(a)
Insurance

Policy Type	Insurance Carrier	Policy Number
Property & Liability Package – Including Auto	Great American	PAC227434701
Umbrella	Great American	UMB227434301
Earthquake – School Contents	Mt. Hawley	MCD020137
Fiduciary Liability	Travelers	107001027
EPL & Educators Legal Liability	Indian Harbor	ELL0951427
Cyber Liability	Axis Pro	P00100001375002
Student Professional	Liberty	AHV102366008
Student Accidental for Interns – Santa Maria	Great American	BSRE224119
Workers Compensation – California	State Fund	916889118
Workers Compensation (outside California)	Hartford	72WECKU2624
Dental PPO	Principal	101147110001
Group Dental (HMO)	Cal Dent Network	G001792
Group Vision – Voluntary	VSP	30026288
Group Medical PPO	UHC	217435
Group Medical HMO	UHC	217435
Group Medical HMO	Kaiser	282636

Schedule 5.17(a)
Leased Property

1. **Bakersfield Campus:** 5300 California Avenue, Bakersfield, CA 93309
2. **Rancho Mirage Campus:** 34275 Monterey Avenue, Rancho Mirage, CA 92270
3. **Santa Maria Campus:**
 - d. 303 East Plaza Drive, Santa Maria, CA 93454
 - e. 305 East Plaza Drive, Santa Maria, CA 93454
 - f. 313A East Plaza Drive, Santa Maria, CA 93454

Schedule 5.17(b)

Rights to Use Leased Property

1. Express Training Solutions has permission to use no more than two (2) classrooms concurrently at the Leased Property at 34275 Monterey Ave., Rancho Mirage, CA 92270 pursuant to a Facility Usage Agreement by and between Seller and Express Training Solutions. Express Training Solutions is not charged for use of the facilities. This Facility Usage Agreement is currently being automatically renewed on a month-to-month basis unless terminated by either party upon 30 days' written notice.

Schedule 5.18
Affiliate Transactions

1. MK Family Trust is the landlord for the Leased Property at 313A East Plaza Drive, Santa Maria, CA 93454. MK Family Trust is owned by Matthew and Kirsten Johnston.
2. Dean Investments is the landlord for the Leased Property at 303 East Plaza Drive, Santa Maria, CA 93454. Dean Investments is owned by the Wong Family Trust, Dean Johnston and Bob Barth.
3. Crew Investments is the landlord for the Leased Property at 305 East Plaza Drive, Santa Maria, CA 93454. Crew Investments is owned by Matthew and Kirsten Johnston.
4. 34 Rancho Mirage, LLC is the landlord for the Leased Property at 34275 Monterey Ave., Rancho Mirage, CA 92270. 34 Rancho Mirage, LLC is owned by Elizabeth Wong.

Schedule 5.21(a)(i)
Educational Approvals

School / Campus	Type	Accreditor / Approval Dates	State Licensing Agency / Approval Dates	USDE Approval Dates	Veteran's Affairs (CSAAVE) Approval Dates	BVNPT
SBBCollege - Santa Maria	Main	ACICS 4/21/2016-12/31/2022 ACCSC 4/26/2018 – 4/26/2023 (initial approval)	BPPE 1/22/2016-6/12/2017 Accredited Institution BPPE 6/12/2017-12/31/2023 - Non-Accredited Institution BPPE 7/11/2018-12/31/2023 Accredited Institution;	3/11/2016-3/31/2020 (12/22/2016-6/12/2018 PPPA) 4/24/2018-3/31/2020	Approval dated 3/18/2019, effective 3/18/2019 – 12/31/2019	12/10/2015 - 12/4/2019
SBBCollege – Bakersfield	Main	ACICS 4/28/2016 - 12/31/2022	BPPE 1/22/2016-6/12/2017 Accredited Institution BPPE 6/12/2017-12/31/2023 - Non-Accredited Institution BPPE 7/11/2018-12/31/2023 Accredited Institution	3/11/2016-3/31/2020 (12/22/2016-6/12/2018 PPPA) 4/24/2018-3/31/2020	Approval dated 3/18/2019, effective 3/18/2019 – 12/31/2019	2/29/2016 - 2/28/2020
SBBCollege - Rancho Mirage	Branch	ACICS 5/2/2016 - 12/31/2021	BPPE 1/22/2016-6/12/2017 Accredited Institution BPPE 6/12/2017-12/31/2023 - Non-Accredited Institution BPPE 7/11/2018-12/31/2023 Accredited Institution	3/11/2016-3/31/2020 (12/22/2016-6/12/2018 PPPA) 4/24/2018-3/31/2020	Approval dated 3/18/2019, effective 3/18/2019 – 12/31/2019	8/26/2016 - 8/25/2018 8/25/2018 - 8/25/2022

ACICS

1. SBBCollege - Santa Maria: SBBCollege received a program-level Show Cause Directive letter for the AS Criminal Justice program on June 12, 2018 due to low placement rates. The College submitted a program termination application on June 21, 2018. SBBCollege taught out program. Last student graduated/withdrew on December 24, 2018.

2. SBBCollege – Bakersfield: SBBCollege received an intent to issue a program-level Show Cause Directive for AS Criminal Justice program on February 24, 2017 due to low placement rates. SBBCollege discontinued enrollment in the program within 10-days so Show Cause Directive was never issued. SBBCollege taught out program. Last student graduated/withdrew on October 14, 2018.
3. SBBCollege -Distance Education: ACICS requires a Quality Assurance visit Jan/Feb 2020
4. SBBCollege - Rancho Mirage: SBBCollege received a program-level withdrawal of approval for AS Criminal Justice on April 12, 2017 due to low placement rates. SBBCollege discontinued enrollment in the program and submitted a program termination application to ACICS. SBBCollege taught out program. Last student graduated/withdrew on March 18, 2019. SBBCollege received a program-level Show Cause letter for BS Criminal Justice on May 8, 2017 due to low placement rates. SBBCollege discontinued enrollment in the program and submitted a program termination application on June 30, 2017. SBBCollege is currently teaching out the remaining four students in that program. Student number & expected graduation dates are as follows: #375349 – 5/24/2020; #393865 – 2/9/2020; #395758 –2/9/2020; #355965 – 12/22/2019.
5. SBBCollege - Rancho Mirage: On March 9, 2017 ACICS issued a program-level licensure exam pass rate Show Cause Directive. That Directive was vacated on June 8, 2017 once the 2016 Pass rates were published by BVNPT.

BVNPT

1. The Rancho Mirage Campus was operating under a Certificate of Provisional Approval by the Board of Vocational Nursing and Psychiatric Technicians from August 26, 2016 – August 25, 2018, due to declining licensure pass rates. However, the campus is no longer under such provisional status and operates its Vocational Nursing Program under a full Certificate of Approval for a four-year period commencing on August 25, 2018.

SBBCollege -Distance Education

1. Distance education programs at SBBCollege – Bakersfield included in ACICS approval on 12/20/2018.
2. Distance education programs at SBBCollege – Bakersfield included in BPPE approval on 01/23/2019.
3. ACICS requires a Quality Assurance visit for distance education programs for SBBCollege – Bakersfield in January/February 2020.

BPPE

1. BPPE required SBBCollege to apply for Licensure as a Non-Accredited Institution because USDE did not recognize ACICS as an accreditor. After USDE reversed its decision and recognized ACICS as an accrediting agency, SBBCollege reapplied to BPPE as an Accredited Institution.

USDE

1. From 12/22/2016 to 6/12/2018, SBBCollege operated under a Provisional Program Participation Agreement because ACICS lost recognition by USDE as an accrediting agency. After USDE reversed its decision and recognized ACICS as an accrediting agency, SBBCollege was issued and continues to operate under a Program Participation Agreement.

CSAAVE

1. SBBCollege received approvals for Catalog 2014-2015. After receiving approvals, the College did not submit updated catalogs as it was only required when the College made changes to the educational programs. When the College submitted the 2017 Catalog, it was during the time ACICS was not recognized by the US Department of Education (12/2016-4/2018) and the VA was not accepting changes. The College was allowed to continue to enroll students based on the previous approval letters.

SEVIS

1. SBBCollege is approved by SEVIS to accept F-1 Visas through 1/26/2020. All campuses are approved through the main system, which has the address of 5777 Olivas Park Drive. SBBCollege has an application for changes pending. Once the application is approved, the College has to recertify the system by 1/26/2020. SBBCollege does not have any active students enrolled through SEVIS.

Schedule 5.21(a)(ii)

Compliance with Educational Prerequisites

See Schedule 5.21(a)(iii).

Schedule 5.21(a)(iii)
Certification and Licensure Tests

See Schedule 5.21(a)(i).

Graduates of the Vocational Nursing Program at the Bakersfield, Rancho Mirage and Santa Maria Campuses are eligible to sit for the National Council Licensure Examination for Practical/Vocational Nurses (NCLEX/PN) administered by the National Council of State Boards of Nursing (NCSBN). First-time pass rates for program graduates who successfully completed the NCLEX/PN for the last two complete reporting years are as follows:

<u>Quarters 1-4, 2017</u>	<u>Pass Rate</u>
Bakersfield Campus	61%
Rancho Mirage Campus	80%
Santa Maria Campus	100%

<u>Quarters 1-4, 2018</u>	<u>Pass Rate</u>
Bakersfield Campus	100%
Rancho Mirage Campus	63%
Santa Maria Campus	100%

Schedule 5.21(a)(iv)
Educational Agency Adverse Actions

1. See Schedule 5.21(a)(i).
2. See Schedule 5.21(a)(iii).
3. See Schedule 5.21(a)(xii).
4. See Schedule 5.21(a)(xv)(i).

Schedule 5.21(a)(v)
Educational Agency Actions

1. FSA Compliance Audit for the fiscal year ending June 30, 2017 for OPE ID Number 02578000.
2. FSA Compliance Audit for the fiscal year ending June 30, 2018 for OPE ID Number 02578000.
3. FSA Compliance Audit for the fiscal year ending June 30, 2017 for OPE ID Number 02577900.
4. FSA Compliance Audit for the fiscal year ending June 30, 2018 for OPE ID Number 02577900.

Schedule 5.21(a)(xii)
Refunds

1. Per FSA Compliance Audit for the fiscal year ending June 30, 2018 for OPE ID Number 02577900, an internal review identified two instances where the required return of Title IV funds were not remitted timely (see Finding No. 2018-05). A corrective action plan was submitted in response.

2. FSA Compliance Audit for the fiscal year ending June 30, 2018 for OPE ID Number 02578000, an internal review identified one instance where the required return of Title IV funds was not remitted timely (see Finding No. 2018-03). A corrective action plan was submitted in response.

Schedule 5.21(a)(xiii)
Cohort Default Rates

1. FY2013

- a. 025779 (Bakersfield): 11.4%
- b. 025780 (Santa Maria): 7.3%

2. FY2014

- a. 025779 (Bakersfield): 14.0%
- b. 025780 (Santa Maria): 9.7%

3. FY2015

- a. 025779 (Bakersfield): 12.4%
- b. 025780 (Santa Maria): 10.9%

4. Draft FY2016

- a. 025779 (Bakersfield): 12.4%
- b. 025780 (Santa Maria): 3.8%

Schedule 5.21(a)(xiv)
Composite Scores

1. Seller had a composite score of 1.9 for the fiscal year ended June 30, 2016.
2. Seller had a composite score of 1.8 for the fiscal year ended June 30, 2017.
3. Seller had a composite score of 1.2 for the fiscal year ended June 30, 2018.

Schedule 5.21(a)(xv)(i)
Financial Responsibility

Seller had a composite score of 1.2 for the fiscal year ended June 30, 2018, which is in USDE's "zone."

Schedule 5.21(a)(xv)(ii)
Letter of Credit

None.

Schedule 5.21(b)
Campuses

1. **Bakersfield Campus**: 5300 California Avenue, Bakersfield, CA 93309. Seller has operated at such campus since 1984.
2. **Rancho Mirage Campus**: 34275 Monterey Avenue, Rancho Mirage, CA 92270. Seller has operated at such campus since February 2008.
3. **Santa Maria Campus**: 303 East Plaza Drive, Santa Maria, CA 93454. Seller has operated at such campus since 1982.

Schedule 5.21(c)
Student Financial Assistance Programs

Fund Source	Currently Available	Campus			
		Santa Maria	Bakersfield	Rancho Mirage	Online/ Distance Education
Federal Pell Grants	Yes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Federal SEOG	*	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Federal Perkins Loan	No*	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Iraq and Afghanistan Service Grant	Yes				
Federal Work-Study	*	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Direct Loan Program -Subsidized, Unsubsidized & PLUS	Yes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sallie Mae – Private Loan	Yes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
College Avenue	Yes	<input type="checkbox"/>		<input type="checkbox"/>	
Chafee Grant	Yes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Cal Grant	Yes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
State and Private Vocational Rehabilitation	Yes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Workforce Investment Act	Yes	<input type="checkbox"/>			<input type="checkbox"/>
Americorps	Yes		<input type="checkbox"/>	<input type="checkbox"/>	
IBA	Yes				<input type="checkbox"/>
PrVIND				<input type="checkbox"/>	
Veterans Education Benefits	Yes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
VA-Yellow Ribbon	Yes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Veterans Training Rehabilitation	Yes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Institutional Scholarships	Yes				
TFC Financing	Yes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SBBCollege Financing (student payments directly to SBBC System)	Yes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Blank = Participated in, but zero funds received since 1/1/2017

= Funds Received

* = Campus-Based Funds awarded through CAU System OPE ID# and will not be available to the Schools post-transaction.

Schedule 5.21(d)(i)
Pre-Closing Educational Consents

1. USDE Preacquisition Response
2. ACCSC – Part I Change in Control Approval
3. ACICS – Part I Change in Control/Ownership Approval
4. California Bureau for Private Postsecondary Education – COO Substantive Change Application – Notice Only
5. California State Approving Agency for Veterans Education, Department of Veterans Affairs and U.S. Department of Veterans Affairs, Veterans Benefits Administration, Education Service – Notice Only
6. California Board of Vocational Nursing and Psychiatric Technicians - Notice Only

Schedule 5.21(d)(ii)
Post-Closing Educational Consents

1. USDE TPPPA
2. ACCSC – Part II Change in Control Approval
3. ACICS – Part II Change in Control/Ownership Approval
4. California Bureau for Private Postsecondary Education – COO Substantive Change Approval
5. California State Approving Agency for Veterans Education, Department of Veterans Affairs or U.S. Department of Veterans Affairs, Veterans Benefits Administration, Education Service Approval
6. California Board of Vocational Nursing and Psychiatric Technicians Approval

Schedule 7.1

Conduct of Seller Prior to the Closing

None.

Schedule 7.3(a)
Third-Party Approvals

None.

Schedule 7.10(b)
Joint Retained Assets

The following shall be deemed Joint Retained Assets:

1. Active Directory

The Parties contemplate the following with respect to the Active Directory: (1) Seller will remove the MPLS/Firewall connection to all non-SBBC System locations. (2) Seller will remove all non-SBBC System objects from the forest and domain and will leave the forest and domain in a functional state. (3) Seller will provide Administrator account and password to Purchaser. (4) Seller will keep all objects required to operate the CAU System.

2. E-mail (Staff & Faculty) and Exchange Server

The Parties contemplate the following with respect to the E-mail (Staff & Faculty) on Exchange Server: (1) Seller will export all applicable SBBC System staff and faculty mailboxes to PST files and transfer those PST files to Purchaser. (2) Seller will keep the servers (and all CAU System staff and faculty and administrative staff mailboxes) and all associated licensing agreements with Microsoft.

3. Archived E-mails and Google Apps/Barracuda

The Parties contemplate the following with respect to Archived E-mails and related service providers: (1) Seller will keep Google Apps and/or Barracuda accounts, including calaero.edu and calaero.com domains, and all archived e-mail. (2) Seller will remove the sbbccollege.edu domain from the Google Apps and/or Barracuda accounts. (3) Purchaser will provide e-mail filtering and archiving for SBBC System e-mails going forward. (4) Seller will keep the related agreements with Google Apps and/or Barracuda.

4. Office365 and Microsoft

The Parties contemplate the following with respect to Office365: (1) Seller will keep the Office365 Tenant and all associated licensing agreements with Microsoft. (2) Students will be notified of how to export the e-mail and files from their individual account and transfer it into Purchaser's student e-mail system. (3) Seller will remove student.sbbccollege.edu Domain from Office365 Tenant.

5. CampusNexus

The Parties contemplate the following with respect to CampusNexus: (1) Seller and Purchaser will cooperate with each other in jointly contacting Campus Management and work to separate the total ASRs for the CampusNexus application for the CAU System and SBBC System. (2) The goal would be to have Campus Management allocate, by an overall reduction of total ASRs being allowed for each of Seller and Purchaser to only obligate to the respective party the ASRs required to operate the CAU System and SBBC System, respectively. (3) Seller would retain any contracts with Campus Management

after taking into account the separation described above and Purchaser would enter into its own contract with Campus Management.

6. Share/Archive Files and Microsoft Server

The Parties contemplate the following with respect to the Share/Archive Files: (1) Seller and Purchaser will cooperate with each other to determine the files reasonably necessary for the continued operation of the SBBC System. (2) Seller to transfer copies of the agreed upon files to Purchaser. (3) Seller will keep the Microsoft server, including any files not necessary for the continued operation of the SBBC System.

7. Impulse Internet/Phone System

The Parties contemplate the following with respect to Impulse: (1) Seller and Purchaser will cooperate with each other in jointly contacting Impulse to transfer the Internet Circuit & Phone Systems for the applicable SBBC Campuses to Purchaser. (2) Seller will keep the Internet Circuit & Phone Systems for the CAU Campuses and administrative offices of Seller and related contracts with Impulse.

8. Rackspace and Related Resources

The Parties contemplate the following with respect to Rackspace: (1) Seller and Purchaser will cooperate with each other in jointly contacting Rackspace to separate the resources required between the SBBC System and CAU System. (2) Seller will keep its account, required resources to operate the CAU System and related contract with respect to the CAU System. (3) Purchaser would enter into its own contract with Rackspace with respect to the required resources to operate the SBBC System.

9. Instructure (Canvas LMS)

The Parties contemplate the following with respect to Instructure: (1) Seller and Purchaser will cooperate with each other in jointly contacting Instructure to separate the SBBC System and CAU System instances. (2) Seller would retain any contracts with Instructure, after taking into account the separation described above so that they apply only to the CAU System, and Purchaser would enter into its own contract with Instructure with respect to the SBBC System.

10. Whispercast (Amazon) and Clever

The Parties contemplate the following with respect to Whispercast and Clever: (1) Seller and Purchaser will cooperate with each other in jointly contacting Amazon to transfer the sbbcollege.edu and student.sbbcollege.edu Amazon accounts into a separate account for Purchaser. (2) Purchaser would enter its own contract with Amazon and Clever. (3) Seller will keep original account and any contracts with Amazon and Clever.

11. GoDaddy

The Parties contemplate the following with respect to GoDaddy: (1) Seller will remove the sbbcollege.edu Domain and DNS Management from Seller's account with GoDaddy and cooperate with Purchaser to transfer to Purchaser's account. (2) Seller will keep original account, including with respect to the CAU System, and any contracts with GoDaddy.

12. Wireless Access System with Meraki

The Parties contemplate the following with respect to Meraki: (1) Seller and Purchaser will cooperate with each other in jointly contacting Meraki to transfer SBBC System's Wireless Access Point devices and associated licenses at the SBBC Campuses into a separate account for Purchaser. (2) Seller will keep its original account, the CAU System's Wireless Access Point devices and associated licenses with Meraki.

13. Network Solutions

The Parties contemplate the following with respect to Network Solutions: (1) Seller to transfer domains related to SBBC System listed on Schedule 5.8(a) (other than sbbcollege.edu) to Purchaser. (2) Seller will keep original account, including with respect to domains related to the CAU System, and any contracts with Network Solutions.

14. Educause

The Parties contemplate the following with respect to Educause: (1) Seller will relinquish to Purchaser the account for sbbcollege.edu. (2) Purchaser to configure Name Servers to point to Purchaser's DNS system. (3) Seller will keep its account with Educause related to the CAU System and associated contracts.

15. Website

The Parties contemplate the following with respect to the Website: (1) Purchaser to provide website for the sbbcollege.edu Domain. (2) Seller will keep all websites associated with domains other than domains related to the SBBC System. (3) Costs associated with separation of website to be borne by Purchaser.

16. Zoom

The Parties contemplate the following with respect to Zoom: (1) Seller and Purchaser will cooperate with each other in jointly contacting Zoom to separate the SBBC System user accounts into a separate account for Purchaser. (2) Purchaser would enter its own contract with Zoom with respect to SBBC System user accounts. (3) Seller to keep original account with respect to CAU System user accounts and any related contracts.

17. VoiceThread

The Parties contemplate the following with respect to VoiceThread:(1) Seller and Purchaser will cooperate with each other in jointly contacting VoiceThread to separate the resources required between the SBBC System and CAU System. (2) Seller will keep its account, required resources to operate the CAU System and related contract with respect to the CAU System. (3) Purchaser would enter into its own contract with VoiceThread with respect to the required resources to operate the SBBC System.

18. Microsoft License Agreement

The Parties contemplate the following with respect to the Microsoft License Agreement: (1) Seller and Purchaser will cooperate with each other in jointly contacting Microsoft to separate all licenses and software associated with the Microsoft License Agreement

between the SBBC System and CAU System. (2) Seller will keep its account, required licenses and software and related contracts with respect to the CAU System. (3) Purchaser would enter into its own contract with Microsoft with respect to the required licenses and software to operate the SBBC System.

19. Online Library (Credo, LIRN)

The Parties contemplate the following with respect to the online library vendors: (1) Seller and Purchaser will cooperate with each other in jointly contacting the online library vendors to separate all licenses and contracts between the SBBC System and CAU System. (2) Seller will keep its accounts, required licenses and related contracts with the online library vendors with respect to the CAU System. (3) Purchaser would enter into its own contracts with the online library vendors with respect to the required licenses to operate the SBBC System.

20. SBBCEdge (CareerEdge)

The Parties contemplate the following with respect to CareerEdge, LLC: (1) Seller and Purchaser will cooperate with each other in jointly contacting CareerEdge, LLC to separate all licenses and contracts between the SBBC System and CAU System. (2) Seller will keep its accounts, required licenses and related contracts with respect to the CAU System. (3) Purchaser would enter into its own contracts with CareerEdge, LLC with respect to the required licenses to operate the SBBC System.

21. DocuSign, Inc.

The Parties contemplate the following with respect to DocuSign, Inc.: (1) Seller and Purchaser will cooperate with each other in jointly contacting DocuSign, Inc. to separate all licenses and contracts between the SBBC System and CAU System. (2) Seller will keep its accounts, required licenses and related contracts with respect to the CAU System. (3) Purchaser would enter into its own contracts with DocuSign, Inc. with respect to the required licenses to operate the SBBC System.

22. TFC Financing

The Parties contemplate the following with respect to TFC Financing: (1) Seller and Purchaser will cooperate with each other in jointly contacting TFC Financing to separate out the account receivables of active students of SBBC System from all other students, including any CAU System students and inactive SBBC System Students. (2) Seller will keep its account, account receivables related to CAU System students and inactive SBBC System Students, and related contracts. (3) Purchaser would enter into its own contracts with TFC Financing with respect to the accounts receivable of active SBBC System students.

23. Educational Credit Management Corporation

The Parties contemplate the following with respect to Educational Credit Management Corporation ("ECMC"): (1) Seller and Purchaser will cooperate with each other in jointly contacting ECMC to separate all accounts, borrower accounts, licenses and contracts between the SBBC System and CAU System. (2) Seller will keep its accounts, applicable borrower accounts, required licenses and related contracts (including the Master Services

Agreement by and between ECMC and Seller, dated November 1, 2018) with respect to the CAU System. (3) Purchaser would enter into its own contracts with ECMC with respect to the required licenses, accounts and borrower accounts to operate the SBBC System.

24. Turnitin, LLC

The Parties contemplate the following with respect to Turnitin, LLC: (1) Seller and Purchaser will cooperate with each other in jointly contacting Turnitin, LLC to separate all licenses and contracts between the SBBC System and CAU System. (2) Seller will keep its accounts, required licenses and related contracts (including the Registration Agreement by and between Turnitin, LLC and Seller, dated July 1, 2018) with respect to the CAU System. (3) Purchaser would enter into its own contracts with Turnitin, LLC with respect to the required licenses to operate the SBBC System.

25. J.C. Lads Corporation d/b/a Biometric Signature ID

The Parties contemplate the following with respect to Biometric Signature ID: (1) Seller and Purchaser will cooperate with each other in jointly contacting Biometric Signature ID to separate all licenses and contracts between the SBBC System and CAU System. (2) Seller will keep its accounts, required licenses and related contracts (including the Software License Agreement by and between J.C. Lads Corporation d/b/a Biometric Signature ID and Seller, dated August 1, 2017) with respect to the CAU System. (3) Purchaser would enter into its own contracts with Biometric Signature ID with respect to the required licenses to operate the SBBC System.

26. Pearson Education, Inc.

The Parties contemplate the following with respect to Pearson Education, Inc.: (1) Seller and Purchaser will cooperate with each other in jointly contacting Pearson Education, Inc. to separate all licenses and contracts between the SBBC System and CAU System. (2) Seller will keep its accounts, required licenses and related contracts (including the Agreement for Access and Use of Pearson Products by and between Pearson Education, Inc. and Seller, dated December 23, 2014) with respect to the CAU System. (3) Purchaser would enter into its own contracts with Pearson Education, Inc. with respect to the required licenses to operate the SBBC System.

27. McGraw-Hill Global Education Holdings, LLC

Seller entered into the Agreement for Access and Use of McGraw-Hill Products with McGraw-Hill Global Education Holdings, LLC (“McGraw-Hill”), dated March 29, 2017 (the “Agreement for Access and Use”). Although the term of the Agreement for Access and Use was for two (2) years, Seller and McGraw-Hill are currently operating under it. McGraw-Hill is currently working to create a new agreement. The Parties contemplate the following with respect to McGraw-Hill: (1) Seller and Purchaser will cooperate with each other in jointly contacting McGraw-Hill to separate all licenses and contracts between the SBBC System and CAU System. (2) Seller will keep its accounts, required licenses and related contracts (including the Agreement for Access and Use) with respect to the CAU System. (3) Purchaser would enter into its own contracts with McGraw-Hill with respect to the required licenses to operate the SBBC System.

Schedule 7.11
Scheduled Guarantees

None.

Schedule 9.2(g)

Purchaser’s Educational Consents

1. The Accrediting Commission for Community and Junior Colleges (ACCJC), which is part of the Western Association of Schools and Colleges (WASC), must approve two additional campus locations for San Joaquin Valley College (SJVC) in Santa Maria and Rancho Mirage.
2. In addition, ACCJC must approve the programs listed below to be offered at each of the aforementioned, new SJVC locations. Each program must be approved at both the Certificate and AS Degree credential level:

LOCATION	SJVC PROPOSED OFFERINGS
Rancho Mirage	Business Administration
	Criminal Justice: Corrections
	Electrical Technology (Certificate and AS Degree)
	Heating, Ventilation, Air Conditioning and Refrigeration
	Medical Assisting
	Medical Office Administration
	Pharmacy Technology (Certificate) and Pharmacy Technician (AS Degree)
	Vocational Nursing
Santa Maria	Business Administration
	Criminal Justice: Corrections
	Medical Assisting
	Medical Office Administration
	Heating, Ventilation, Air Conditioning and Refrigeration
	Pharmacy Technology (Certificate) and Pharmacy Technician
	Vocational Nursing
Bakersfield	Vocational Nursing

3. ACCJC must approve for SJVC an additional (satellite) location in Bakersfield for SJVC’s new Vocational Nursing (VN) program in that market. The VN program must be approved at both the Certificate and AS Degree credential level

Schedule 11.2(a)
Indemnification Matters

None.

**ACTION BY WRITTEN CONSENT OF
THE BOARD OF DIRECTORS OF
SANBARCOLLBUSCOM, INCORPORATED**

The undersigned, constituting all of the members of the Board of Directors (the "Board") of Sanbarcollbuscom, Incorporated, a California corporation (the "Company"), acting in accordance with the Amended and Restated Articles of Incorporation and Bylaws of the Company and the California Corporations Code, hereby consent to the adoption of the following resolutions by written action:

Purchase Agreement and Consummation of Transaction

WHEREAS, the Company is engaged in the operation and management of two for-profit postsecondary institutions that: (i) provide certificate, associate's, bachelor's and master's degree programs in the allied health, nursing, business administration, paralegal studies, and trade fields; and (ii) primarily do business under the tradename "Santa Barbara Business College" (collectively, the "SBBC System");

WHEREAS, the Company is also engaged in the operation and management of a for-profit postsecondary institution providing certificate and training in the field of aeronautics under the tradename "California Aeronautical University" (collectively, the "CAU System");

WHEREAS, the Company proposes to enter into an Asset Purchase Agreement by and among (i) San Joaquin Valley College, Inc., a California corporation ("Purchaser"), (ii) the Company, (iii) Matthew Johnston, an individual, and (iv) Dean Johnston, an individual, in substantially the form attached as Exhibit A (the "Purchase Agreement"), together with those related agreements and documents to which the Company is a party (the "Related Agreements"), pursuant to which the Company would sell substantially all of the assets of the SBBC System to Purchaser but retain substantially all of the assets of the CAU System; and

WHEREAS, the Board has determined that it is advisable and in the best interests of the Company and its shareholders to enter into the Purchase Agreement and Related Agreements, and to consummate the transactions contemplated by the Purchase Agreement and Related Agreements (collectively, the "Transactions").

RESOLVED, that the execution, delivery and performance of the Purchase Agreement, in substantially the form attached as Exhibit A, together with such nonmaterial changes as the officers of the Company, upon the advice of counsel, deem, necessary or appropriate, and Related Agreements, and the consummation of the Transactions, are hereby authorized, approved and ratified in all respects.

General Authorizing Resolutions

RESOLVED FURTHER, that any of the officers of the Company are hereby authorized, empowered and directed to perform any and all acts and execute and deliver all certificates, instruments, agreements and documents as such officer may deem necessary or advisable to carry out the purpose and intent of these resolutions; and

RESOLVED FURTHER, that all prior acts of the officers of the Company performed in good faith, in a manner deemed by such officers to be in the best interests of the Company and the shareholders of the Company, whether or not such acts are reflected in minutes, resolutions or otherwise in writing, are hereby authorized, ratified and affirmed.

This Written Consent may be signed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

This Written Consent shall be filed with the minutes of the proceedings of the Board and shall become a part of the records of the Company, having the same force and effect as a vote of the Board at a duly called meeting.

[Signature Page Follows]

This Written Consent shall be effective for all purposes as of the date the Company has received all signatures of the Board.

September 17, 2019
Dated



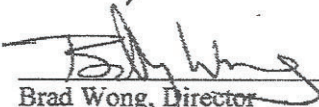
Dean Johnston, Director

September 17, 2019
Dated



Matthew Johnston, Director

September 17, 2019
Dated



Brad Wong, Director

*[Signature Page to Action by Written Consent of the Board regarding
Purchase Agreement and Consummation of Transaction]*

EXHIBIT A
PURCHASE AGREEMENT

**ACTION BY WRITTEN CONSENT OF
THE SHAREHOLDERS OF
SANBARCOLLUSCOM, INCORPORATED**

The undersigned, holding at least a majority of the outstanding shares of stock of Sanbarcollbuscom, Incorporated, a California corporation (the "Company") entitled to vote on the resolutions set forth below, acting in accordance with Section 603(a) of the California Corporations Code and the Bylaws of the Company, hereby consent to the adoption of the following resolutions without a meeting:

Increase in Number of Directors

WHEREAS, the Bylaws of the Company provide that the Board of Directors of the Company (the "Board") shall have a number of Directors not less than two (2) nor more than three (3), with the exact number of Directors fixed, from time to time, by a vote of a majority of the Directors then holding office or by a majority of the outstanding voting shares of the Company; and

WHEREAS, the shareholders desire to increase the size of the Board from two (2) members to three (3) members.

RESOLVED, that the size of the Board shall be fixed at three (3) members.

FURTHER RESOLVED, that Matthew Johnston is hereby elected to serve as Director, to fill the vacancy caused by the increase in the size of the Board, until his successor is elected and qualified.

Purchase Agreement and Consummation of Transaction

WHEREAS, the Company is engaged in the operation and management of two for-profit postsecondary institutions that: (i) provide certificate, associate's, bachelor's and master's degree programs in the allied health, nursing, business administration, paralegal studies, and trade fields; and (ii) primarily do business under the tradename "Santa Barbara Business College" (collectively, the "SBBC System");

WHEREAS, the Company is also engaged in the operation and management of a for-profit postsecondary institution providing certificate and training in the field of aeronautics under the tradename "California Aeronautical University" (collectively, the "CAU System");

WHEREAS, the Company proposes to enter into an Asset Purchase Agreement by and among (i) San Joaquin Valley College, Inc., a California corporation ("Purchaser"), (ii) the Company, (iii) Matthew Johnston, an individual, and (iv) Dean Johnston, an individual, in substantially the form attached as Exhibit A (the "Purchase Agreement"),

together with those related agreements and documents to which the Company is a party (the "Related Agreements"), pursuant to which the Company would sell substantially all of the assets of the SBBC System to Purchaser but retain substantially all of the assets of the CAU System; and

WHEREAS, the undersigned have determined that it is advisable and in the best interests of the Company and its shareholders to enter into the Purchase Agreement and Related Agreements, and to consummate the transactions contemplated by the Purchase Agreement and Related Agreements (collectively, the "Transactions").

RESOLVED, that the execution, delivery and performance of the Purchase Agreement, in substantially the form attached as Exhibit A, together with such nonmaterial changes as the officers of the Company, upon the advice of counsel, deem, necessary or appropriate, and Related Agreements, and the consummation of the Transactions, are hereby authorized, approved and ratified in all respects.

General Authorizing Resolutions

RESOLVED FURTHER, that all prior acts of the officers or Directors of the Company performed in good faith, in a manner deemed by such officers or Directors to be in the best interests of the Company and the shareholders, whether or not such acts are reflected in minutes, resolutions or otherwise in writing, are hereby authorized, ratified and affirmed.

This Written Consent shall be filed with the minutes of the proceedings of the shareholders of the Company and shall become a part of the records of the Company, having the same force and effect as a vote of the shareholders.

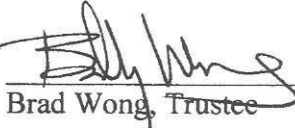
This Written Consent may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

This Written Consent shall be effective for all purposes as of September 11, 2019.

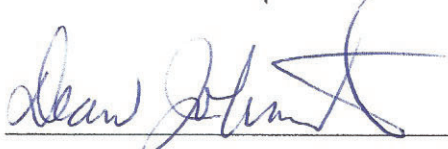
[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned shareholders of Sanbarcollbuscom, Incorporated, hereby voting the full number of shares of each class and series of the Company's outstanding stock held of record by the undersigned entitled to vote on such matters, have executed this Written Consent as of the date set forth below, with an effective date as first forth above.

Wallace Wong Children's Revocable Family
Trust

By:  _____
Brad Wong, Trustee

Date: September 19, 2019

 _____

Name: Dean Johnston, an individual

Date: September 19 2019

*[Signature Page to Action by Written Consent of the Shareholders regarding
Purchase Agreement and Consummation of Transaction]*

EXHIBIT A
PURCHASE AGREEMENT