

SSCS ANNUAL REPORT

Facilities





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Boise Metro Commercial Banking
101 S. Capitol Boulevard, Suite 100
Boise, ID 83702

October 26, 2012

Chelle Robins
Four Rivers Community School
2449 S.W. 4th Ave,
Ontario, OR 97914

Dear Chelle:

U.S. Bank National Association ("U.S. Bank") is pleased to commit to provide Four Rivers Community School, a credit facility up to the maximum principal amount of \$1,730,000.

Such loan facilities would be provided pursuant to commercial loan documents incorporating provisions deemed by U.S. Bank to be customary and appropriate in transactions of this type. A summary of such provisions is set forth in the attached "Principal Terms and Conditions". If any other material business or legal issues arise prior to initial funding, such issues may cause changes or additions to the Principal Terms and Conditions and must be resolved to the satisfaction of U.S. Bank or this commitment will become null and void. The loan documents shall contain all of the terms of the credit facilities, and such terms shall supersede this commitment and the Principal Terms and Conditions.

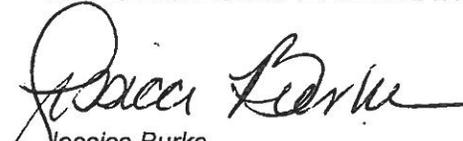
If the terms outlined in the attached Principal Terms and Conditions are acceptable to you, please execute and return a copy of the Principal Terms and Conditions by facsimile, delivery or mail to be received by U.S. Bank prior to the close of business on November 30, 2012, or this commitment will automatically expire. In the event the Borrower does not fulfill its commitment to close and fund this transaction or the conditions set forth above are not fulfilled to the complete satisfaction of U.S. Bank on or before December 31, 2012, U.S. Bank may elect not to proceed with this transaction upon notice to the Borrower, but the applicable fees, reimbursement and indemnity obligations described above and/or in the Principal Terms and Conditions shall survive such termination.

This commitment is for your benefit only. It is not assignable and may not be disclosed to nor relied upon by any third party without the prior written approval of U.S. Bank.

We at U.S. Bank appreciate your business and look forward to this new opportunity.

Very truly yours,

U.S. BANK NATIONAL ASSOCIATION


Jessica Burke
Assistant Vice President



PRINCIPAL TERMS AND CONDITIONS

Borrower: Four Rivers Community School

A. Credit Terms

Term Loan Facility:

<u>Permitted Use of Funds:</u>	Owner Occupied Term Real Estate Loan
<u>Loan Amount:</u>	Maximum of \$1,730,000 or 80% LTV of the appraised value of the subject property located at 2449 and 2455 SW 4th, Ontario, Oregon.
<u>Length of Facility:</u>	10 years
<u>Interest:</u>	10 year fixed rate at US Bank COF + 2.3% (4.62% as of October 26, 2012).
<u>Principal Payments:</u>	Combined principal and interest of approximately \$11,120 per month amortized over 20 years based on rates as of 10/26/12 and a loan amount of \$1,730,000.
<u>Prepayment:</u>	Allowed Prepayments without Prepayment Fee; notwithstanding any other prepayment limitations in the Note, during the 12-month period beginning on the proposed closing date and during each 12-month period thereafter beginning on the same date of the same month, Borrower may prepay an amount totaling in the aggregate up to 10% of the face principal amount of this Note without paying a prepayment fee. Borrower may not prepay any amount in excess of the stated percentage in any said 12-month period without the consent of Bank and without paying the Prepayment Fee described herein.
<u>Closing Fee</u>	\$8,650 payable at closing to US Bank.

B. Collateral

All facilities will be cross-defaulted and cross-collateralized. All facilities will be secured by:

- Real estate (and rents) located at 2449 and 2455 SW 4th, Ontario, Oregon.

The Borrower will execute, order and/or deliver, as requested by U.S. Bank, all documentation and searches necessary to evidence a first lien in the collateral in favor of U.S. Bank including, without limitation, financing statements; mortgages, trust deeds or deeds of trust; and/or other lien perfection documentation; lien searches; subordinations from third parties; title insurance and surveys. The Borrower will also provide such records and reports on the collateral as requested by U.S. Bank. U.S. Bank may independently perform such searches and other due diligence (including surveys, appraisals, etc.) as it deems appropriate.

C. Guarantors and Other Pledgors

None

D. Warranties and Covenants

Loan documentation will include, without limitation, standard U.S. Bank warranties and covenants pertaining to accuracy of information; organization; change in control; material litigation; business activities; use of proceeds; compliance with laws; restrictions on indebtedness, liens and contingent liabilities; payment of taxes; environmental matters; maintenance of insurance/lender's loss payee; financial reporting; inspection of properties and records;

plus

- Annual CPA Audited Financial Statements for Four Rivers Community School.
- Fixed Charge Coverage Ratio as of the end of each fiscal year for such fiscal year of at least 1.30 to 1.

E. Deposit Accounts

The Borrower will maintain all deposit accounts at U.S. Bank so long as the Borrower is obligated to U.S. Bank in any amount.

F. Defaults, Rights and Remedies

Loan documentation will include, without limitation, standard U.S. Bank provisions pertaining to failure to make payment when due, nonperformance or breach of terms, conditions, warranties or covenants, misrepresentation, default of third-party obligations, cessation of a guaranty, bankruptcy, adverse change and insecurity. U.S. Bank's rights and remedies will include, in part, setoff, choice of law and forum, waiver of jury trial and other rights as provided by law.

G. Conditions Precedent to Closing

- All information provided by the Borrower and any guarantor(s) to U.S. Bank is accurate in all respects.
- The Borrower and/or any guarantor(s) is/are not in violation or breach of any other agreement with U.S. Bank of any type or amount or of any third party obligation in excess of \$10,000.
- Due authorization and proper execution of U.S. Bank loan documentation detailing the terms and conditions of the financing, all to be in form and substance satisfactory to U.S. Bank and its internal or external counsel.
- Evidence of the Borrower's legal status and good standing and such other documentation as U.S. Bank might deem appropriate for this transaction and transactions of this type.
- Flood insurance, as applicable.
- Creation and evidence of a first and exclusive perfected security interest in favor of U.S. Bank in the collateral described above.
- As determined solely by U.S. Bank in accordance with its business expertise, no material adverse change has occurred in either the Borrower's or in any guarantors' business, financial condition or performance as reflected in the financial statements provided to U.S. Bank dated 12/31/11; nor has there been any material adverse change in Borrower or in any guarantor's collateral and property or in any other matters which U.S. Bank analyzed in conjunction with this credit request; including, without limitation, no change in the structure of the transaction initially presented to and agreed upon by U.S. Bank.
- Evidence of property insurance naming U.S. Bank as lenders loss payee, or mortgagee payee, if loan is real estate secured.
- Environmental review satisfactory to U.S. Bank.
- Appraisal satisfactory to U.S. Bank.
- Execution of fixed rate lock-in agreement satisfactory to U.S. Bank.

Other Conditions:

- Alta Extended Title Commitment.

H. Expenses/Indemnification

The Borrower shall reimburse U.S. Bank for all costs and fees (including outside counsel fees) incurred by U.S. Bank in connection with the preparation, due diligence, negotiation and execution of loan documents. In addition, the Borrower shall indemnify U.S. Bank against any loss, claim, liability or expense including, without limitation, legal fees and disbursements incurred by it in connection with, arising out of, or in any way related to the execution, delivery, enforcement or defense of the commitment letter or of any of the transactions contemplated hereby. U.S. Bank shall in no case be liable for any special, indirect or consequential damages arising from any breach of any obligations of U.S. Bank.

I. Acceptance/Closing and Funding

This commitment must be accepted by the Borrower and the transaction closed and funded no later than the dates specified in the Commitment Cover Letter.

J. ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT ARE NOT ENFORCEABLE. TO PROTECT YOU (BORROWER) AND US (BANK) FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS WE REACH COVERING SUCH MATTERS ARE CONTAINED IN THIS WRITING, WHICH IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN US, EXCEPT AS WE MAY LATER AGREE IN WRITING TO MODIFY IT; AND, IN ANY EVENT, AS SUPERSEDED BY LOAN DOCUMENTS SIGNED BY YOU AND ACCEPTED BY US.

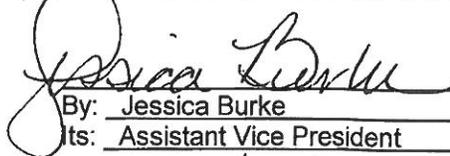
Agreed to:

Agreed to:

By: _____
Its: _____

Dated: _____

U.S. BANK NATIONAL ASSOCIATION


By: Jessica Burke
Its: Assistant Vice President

Dated: 10/29/12

Four Rivers Community School, Inc.

Resolution for Authorized Signers 12-001

RESOLVED, that the Executive Director and Board Secretary of the Corporation is authorized, for the account of this Corporation, and on such terms and conditions as he/she/they may deem proper, to borrow from US Bank sums of money; and to sign, execute, and endorse all such documents as may be required by said bank to evidence such indebtedness; to discount or rediscount with said bank any of the bills receivable owned by this Corporation; to apply for and obtain from said bank letters of credit, and to execute agreements to secure said bank in connection therewith, to pledge and/or mortgage any moneys on deposit or any moneys otherwise in the possession of said bank, and/or any bonds, stocks, receivables, or other property of this Corporation, to secure the payment of any indebtedness, liability, or obligation of this Corporation to said bank whether now due or to become due and whether existing or hereafter incurred, to withdraw and/or substitute any property held at any time by said bank as collateral, and to sign and execute trust receipts for the withdrawal of same when required; and generally to do and perform all acts and sign all agreements, obligations, pledges, and/or other instruments necessary or required by said bank.

The undersigned hereby certifies that he/she is the duly elected and qualified Secretary and the custodian of the books and records of Four Rivers Community School, Inc. a corporation duly formed pursuant to the laws of the state of Oregon and that the foregoing is a true record of a resolution duly adopted at a meeting of the Board of Director and that said meeting was held in accordance with state law and the Bylaws of the above-named Corporation on October 16, 2012, and that said resolution is now in full force and effect without modification or rescission.

IN WITNESS WHEREOF, I have executed my name as Vice Chairman this 16th day of October, 2012.

A handwritten signature in cursive script, appearing to read "James Aalgaard".

James Aalgaard, Vice Chair



Statement Date: 7/18/2012
 Payment Due: End of Month
 Customer Number: 04-0060105

Property - Casualty Statement / Invoice

Four Rivers Community School
 2449 S.W. 4th Avenue
 Ontario, OR 97914

Field-Waldo Insurance
 POB 1667
 Nyssa, OR 97913

Date	Description	Charge	Credit	Bal
	Balance Forward			
10/1/2011	Boiler & Machinery	374.00		37
10/1/2011	Crime	331.00		70
10/1/2011	Excess	374.00		1,07
10/1/2011	General Liability	1,870.00		2,94
10/1/2011	N/O Auto Liability	187.00		3,13
10/1/2011	N/O Auto Physical Damage	93.00		3,22
10/1/2011	Property	1,990.00		5,21
11/7/2011	Payment Ref: 4624		5,219.00	
7/1/2012	Boiler & Machinery	500.00		50
7/1/2012	Crime	500.00		1,00
7/1/2012	Excess	500.00		1,50
7/1/2012	General Liability	2,782.00		4,28
7/1/2012	N/O Auto Liability	275.00		4,55
7/1/2012	N/O Auto Physical Damage	93.00		4,65
7/1/2012	Property	3,015.00		7,66

Balance Due 7,66

727 Center Street NE Salem, Oregon 97301 P.O. Box 12613 Salem, Oregon 97309-0613
 Phone: (503) 371-8667 1-800-285-5461 Fax: (503) 371-4781

Please include a copy of statement to help us apply your payment correctly.