

Mail To:  
787 No. 1550 E. #150  
Orem, UT 84097

Prepared by and  
Mail after recording to:  
AMERICANWEST BANK  
110 SOUTH FERRALL  
SPOKANE, WA 99202-4800

Ent 981488 Bk 1536 Pg 1476  
Date: 1-Oct-2008 12:45 PM Fee \$29.00  
Cache County, UT  
Michael Glead, Rec. - Filed By GC  
For AMERICAN SECURE TITLE

**PARITY DEED OF TRUST AND SECURITY INTEREST AGREEMENT**

THIS PARITY DEED OF TRUST AND SECURITY INTEREST AGREEMENT (the "Agreement") is made and entered into effective as of the 30<sup>th</sup> day of September, 2008, by, between and among FAR WEST BANK, A DIVISION OF AMERICANWEST BANK ("FWB") and the UNITED STATES OF AMERICA, ACTING THROUGH THE RURAL HOUSING SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE (the "USDA").

DOCUMENT PREPARED BY  
AMERICAN SECURE TITLE  
110 SOUTH FERRALL  
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**RECITALS:**

A. FWB is making a loan (the "FWB Loan") to Thomas Edison Charter School, Inc. ("Borrower") in the original principal amount of \$6,200,000, all as more particularly described in that certain Business Loan Agreement and Promissory Note executed by Borrower of even date herewith.

B. To secure payment of the FWB Loan, Borrower is executing that certain Deed of Trust (the "FWB Deed of Trust") of even date herewith, as Trustor, in favor of FWB, as Beneficiary, relating to the real property (the "Property") in Cache County, State of Utah more particularly described on Exhibit "A" attached hereto. To provide additional security for the FWB Loan, Borrower is also executing a Commercial Security Agreement and related financing statements (together with the FWB Deed of Trust, collectively, the "FWB Security Instruments").

B. The USDA is making a loan (the "USDA Loan") to the Borrower, which USDA Loan is evidenced by a \$4,000,000 promissory note (the "USDA Note") secured by that certain Deed of Trust (the "USDA Deed of Trust") of even date herewith, executed by Borrower, as Trustor, in favor of the USDA, as Beneficiary, also relating to the Property. To provide additional security for the USDA Loan, Borrower is also executing a Security Agreement and related financing statements (together with the USDA Deed of Trust, collectively, the "USDA Security Instruments").

C. The FWB Loan and the USDA Loan relate to the same Property, and it is the intention of FWB and the USDA that they shall share a proportionate parity security interest in the Property, revenues and income from the operation of the Property, as set forth in this Agreement, notwithstanding the order in which the FWB Deed of Trust and USDA Deed of Trust are recorded in the official records of the Cache County Recorder.

TW 280333878

**NOW THEREFORE**, for and in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Parity of Security Interest.** The parties hereto hereby agree that, notwithstanding the order in which the FWB Deed of Trust and the USDA Deed of Trust are recorded in the official records of the Cache County Recorder, the liens of and security interest created by the FWB Security Instruments and the USDA Security Instruments, as between FWB and the USDA, be deemed to be on parity with each other. As used herein, parity shall mean equal rights with reference to the joint security, so that in the event of a default, FWB and the USDA will be affected on a proportionate basis. In the event adequate funds are not available to meet regular installments on the parity loans herein described, the funds available will be apportioned to FWB and the USDA based upon the respective current installments of principal and interest due on the FWB Note and the USDA Note.

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2. **Cross-Default.** The parties hereto hereby agree that the occurrence of an event of default under the FWB Deed of Trust or the USDA Deed of Trust shall be deemed to constitute an event of default under the other Deed of Trust, whether or not an actual event of default has occurred under the terms of the other Deed of Trust. If either of FWB or the USDA declares that an event of default has occurred, said party shall give written notice to the other party, and both parties shall have the right to pursue their rights under their respective Deed(s) of Trust and Security Agreement(s), including exercising the power of sale of the Property.

3. **Rights to Proceeds.** In the event of foreclosure, sale or liquidation of any of the secured property, fixed assets, or other obligations due to FWB and the USDA pursuant to the FWB Loan documents or the USDA Loan documents, FWB and the USDA shall share their interest in the proceeds received from the foreclosure, sale or liquidation on a pro rata basis computed as follows: (1) FWB's portion shall be computed by multiplying the total proceeds by a fraction the numerator of which is the total of the unpaid principal and interest due and owing on the FWB Loan and the denominator of which is the sum of the total unpaid principal and interest due and owing on the FWB Loan and the USDA Loan; and (2) the USDA's portion shall be computed by multiplying the total proceeds by a fraction the numerator of which is the total of the unpaid principal and interest due and owing on the USDA Loan and the denominator of which is the sum of the total unpaid principal and interest due and owing on the FWB Loan and the USDA Loan; provided, however, that the maximum amount payable to either of said parties shall not exceed the amount payable to said party pursuant to the terms of said party's Deed of Trust. However, if any protective advance(s) are made by FWB and/or the USDA for the mutual protection of FWB or the USDA, said protective advances shall receive first priority in the apportionment of funds as herein described. For purposes of this agreement FWB and the USDA agree that protective advances are payments made by one or both of the parties hereto for items such as insurance or taxes, for the purpose of

protecting the financial interest of the parties. If either FWB or the USDA elects or wishes to make a protective advance, said party shall make an effort to obtain the concurrence of the other party prior to making the protective advance.

4. **No impact on Borrower's Obligations.** This Agreement is intended for the sole purpose of defining the respective security interests of FWB and the USDA with respect to the Property and the revenues and income from the operation of the Property and shall not modify, reduce or otherwise affect the duties and obligation of the Borrower or any other obligors/guarantors under the FWB Loan documents or the USDA Loan documents.

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5. **Recording of Agreement.** The parties hereto agree that this agreement shall be recorded in the official records of the Cache County Recorder.

DATED effective as of the date first written above.

**FWB:**  
**FAR WEST BANK, A DIVISION OF**  
**AMERICAN WEST BANK, SPOKANE, WA**

By: [Signature]  
Name: Steve AYRES  
Title: Vice President

**USDA:**  
**UNITED STATES OF AMERICA, ACTING**  
**THROUGH THE RURAL HOUSING SERVICE, U.S.**  
**DEPARTMENT OF AGRICULTURE**

By: [Signature]  
Name: JOHN R. COX  
Title: STATE DIRECTOR

**BORROWER:**  
**THOMAS EDISON CHARTER SCHOOL, INC.**

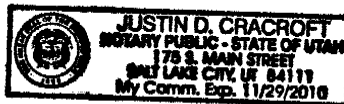
By: [Signature]  
Name: Michael Elder  
Title: President

STATE OF UTAH  
COUNTY OF SALT LAKE

I, JUSTIN D. CRACROFT, a Notary Public of the County and State aforesaid, certify that STEVE AYERS personally came before me this day and acknowledged that (s)he is VICE PRESIDENT of FAR WEST BANK, A DIVISION OF AMERICANWEST BANK, SPOKANE, WA, and that (s)he, as VICE PRESIDENT being authorized to do so, executed the foregoing on behalf of the bank.

WITNESS my hand and official stamp or seal, this the 30<sup>TH</sup> day of September, 2008.  
[SEAL]

[Signature]  
Notary Public  
My Commission expires: 11/29/10



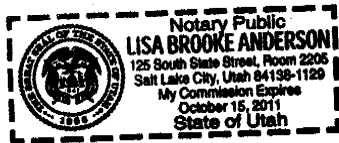
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STATE OF Utah  
COUNTY OF Salt Lake

I, LISA BROOKE ANDERSON, a Notary Public of the County and State aforesaid, certify that John P. Cox personally came before me this day and acknowledged that (s)he is State Director of RURAL HOUSING SERVICE of the U.S. DEPARTMENT OF AGRICULTURE, and that (s)he, as State Director being authorized to do so, executed the foregoing on behalf of the agency.

WITNESS my hand and official stamp or seal, this the 30<sup>TH</sup> day of September, 2008.  
[SEAL]

[Signature]  
Notary Public  
My Commission expires: 10/15/2011



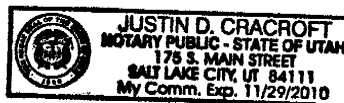
STATE OF UTAH  
COUNTY OF SALT LAKE

I, JUSTIN D. CRACROFT, a Notary Public of the County and State aforesaid, certify that MICHAEL EIDER personally came before me this day and acknowledged that (s)he is PRESIDENT of THOMAS EDISON CHARTER SCHOOL, INC., and that (s)he, as PRESIDENT being authorized to do so, executed the foregoing on behalf of the corporation.

WITNESS my hand and official stamp or seal, this the 30<sup>th</sup> day of September, 2008.  
[SEAL]



Notary Public  
My Commission expires: 11/29/10



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TW280734574

## LEGAL DESCRIPTION

**EXHIBIT A**

Parcel 1: Part of Block 2, Plat "A" Hyde Park Farm Survey, Section 15, Township 12 North, Range 1 East of the Salt Lake Base and Meridian, further described as follows:

Beginning at a point being South 88°17'57" East 171.0 feet from a point of record East along the South line of said 2600 North Street 690.31 feet from a point in the East right of way line of U.S. Highway 91, North 1°06'28" East 744.83 feet from the intersection of the East line of said Highway with the North line of said Lot 4, Block 18, Plat "D" of Logan Farm Survey, and running thence South 08°15'26" East 155.9 feet along an existing fence line to a point in the South line of the Dwyth M. Daines property, thence South 88°18'10" East 262.5 feet along said South line to the true point of beginning, and running thence South 1°00'28" West by record (31.15 by measurement) more or less to the North line of the Bullen Brothers Property; thence South 88°18'10" East 283.09 feet, more or less, to the West line of 200 East Street, thence along the West line of 200 East Street North 0°32'50" East 171.3 feet to the South line of 2600 North Street; thence Westerly along the South line of said 2600 North Street to a point North 1°00'28" East 190.3 feet by record (200.93 by measurement) of the point of beginning, thence South 1°00'28" West 200.93 feet, more or less to the point of beginning.

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Also Subject to a 10' public utility easement along the Easterly described boundary line.

Parcel 2: Beginning South 88°17'57" East 171 feet from a point by record East along the South line of 2600 North Street 690.31 feet of the point in the East line of US Highway 91; thence North 1°06'28" East 744.83 feet from the Intersection of the East line of Highway with the North line of Lot 4, Block 18, Plat "D" Logan Farm Survey and thence South 8°15'26" East 155.9 feet; thence South 88°18'10" East 262.5 feet to the true point of beginning; thence West 80 feet; thence North 123.5 feet to the South line of 2600 North street; thence Easterly along street 80 feet to a point North of the true point of beginning; thence South to the true point of beginning.

Parcel 3: Beginning East 670.64 feet along the South line of 2600 North Street and 20.84 feet along a curve to the left with a radius of 718 feet from the intersection of the South line of 2600 North Street and the East line of US Highway 91 and thence 170.69 feet along said curve to the left; thence South 7°36'04" East 169.48 feet; thence South 89°19'53" East 181.73 feet to the true point of beginning; thence South 89°19'53" East 80.00 feet; thence South 1°00'28" West 31.15 feet to the North line of Bullen Inc. Property; thence North 88°18'10" West 80.0 feet along the North line of said property; thence North 1°18'12" East 29.7 feet to the true point of beginning.

Parcel 4: Beginning at the intersection of the East line of Highway 91 and North line of Lot 4, Block 18, Plat "D" Logan Farm Survey and thence North 567.97 feet and East 1060.71 feet to the Northeast Corner of a fence and the North line of Bullen Property and the true point of beginning; thence South 88°18'11" East 379.5 feet to the West line of 200 East street; thence South 0°10'24" West 80.0 feet along street; thence North 88°18'11" West 381.36 feet to a fence line; thence North 1°30'10" East 79.97 feet along the fence to the true point of beginning.

TW280734574

Parcel 5: Part of the Southwest Quarter of Section 12, Township 12 North, Range 1 East, of the Salt Lake Base and Meridian, described as follows: Commencing at the intersection of the East right of way line of U.S. 91 and the North line of Lot 4, Block 18, Plat "D" Logan Farm Survey, and running North 488 feet and East 1060.71 feet to the true point of beginning, thence South 88°18'11" East 381.36 feet to the West right of way line of 200 East street; thence South 0°10'24" West 142.78 feet (South 0°32'50" West by record) along said line; thence North 88°18'11" West 381.36 feet; thence North 1°30'10" East 142.78 feet along said fence to the true point of beginning.

Subject to a right of way described as follows: Part of the Southwest Quarter of Section 12, Township 12 North, Range 1 East of the Salt Lake Base and Meridian, described as follows: Commencing at the intersection of the East right of way line of U.S. 91 and the North line of Lot 4, Block 18, Plat "D" Logan Farm Survey, and running North 488 feet and East 1060.71 feet to the true point of beginning; thence South 88°18'11" East 381.6 feet to the West right of way line of 200 East street; thence South 0°10'24" West 30.00 feet (South 0°32'50" West by record) along said line; thence North 88°18'11" West 381.36 feet, more or less to an existing fence line; thence North 1°30'10" East 30.00 feet along said fence to the true point of beginning.

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Parcel 6: Lot 1, Sierra Park Phase 1 Subdivision, according to the official plat thereof, on file and of record in the office of the Cache County Recorder.

Parcel 7: A part of the Southwest Quarter of Section 17, Township 11 North, Range 1 East, of the Salt Lake Base and Meridian, located in the County of Cache, State of Utah, described as follows: Commencing at the center Quarter Corner of said Section; thence South 0°29'09" East 561.81 feet along the East line of said Southwest Quarter; thence South 89°30'51" West 467.97 feet to the point of beginning, said point being the Southeast corner of Parcel 2, as described in Entry #671342, in Book 777, at Page 232, as filed with the Recorder of Cache County; Also being the Northerly corner of Lot 1, Sierra Park Phase 1 Subdivision, according to the official plat thereof, on file and of record in the office of the Cache County Recorder; thence along the Southerly boundary of said Parcel 2 and along the boundary line of said Lot 1, Sierra Park Phase 1, for the following 6 courses: (1) South 55°22'22" West 233.69 feet (239.69 feet by deed); (2) North 78°46'42" West 24.89 feet; (3) North 66°12'42" West 14.69 feet; (4) North 47°04'08" West 45.23 feet; (5) North 40°06'34" West 19.26 feet; (6) North 29°34'24" West 60.35 feet to the Southerly line of the Lynn V. Nielsen and Bernice C. Nielsen Family Trust property to the North; thence along said Southerly property line, North 85°30'27" East 306.39 feet to the point of beginning.