

## **SECURITY AGREEMENT AND CHATTEL MORTGAGE**

This SECURITY AGREEMENT AND CHATTEL MORTGAGE, dated as of July [ ], 2018 (as amended, supplemented or otherwise modified from time to time in accordance with the provisions hereof, this “**Agreement**”), made by and between TULARE LOCAL HEALTHCARE DISTRICT, a local health care district of the State of California, as grantor (“**Borrower**”), in favor of ADVENTIST HEALTH SYSTEM/WEST, a California nonprofit religious corporation doing business as Adventist Health, as secured party (together with its permitted successors and assigns, the “**Lender**”).

WHEREAS, on the date hereof, Borrower and the Lender have entered into that certain [Senior Secured Super Priority] Debtor-in-Possession Credit Agreement dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”) pursuant to which the Lender has agreed to make to the Borrower certain extensions of credit and other credit accommodations upon the terms and subject to the conditions set forth therein;

WHEREAS, this Agreement is given by the Borrower in favor of the Lender to secure the payment and performance of all of the Obligations; and

WHEREAS, it is a condition to the obligations of the Lender to make the Loans under the Credit Agreement that the Lender execute and deliver this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions.

(a) Unless otherwise specified herein, all references to Sections and Schedules herein are to Sections and Schedules of this Agreement.

(b) Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement, and the following terms which are defined in the UCC, whether or not the UCC applies to the Borrower or Collateral, are used herein as so defined (and if defined in more than one article of the UCC shall have the meaning specified in Division 9 thereof): Accounts, Account Debtor, Certificated Security, Chattel Paper, Deposit Accounts, Documents, Electronic Chattel Paper, Equipment, Fixtures, General Intangibles, Goods, Instruments, Inventory, Investment Property, Letter of Credit Rights, Money, Payment Intangibles, Supporting Obligations and Tangible Chattel Paper.

(c) For purposes of this Agreement, the following terms shall have the following meanings:

“**Collateral**” has the meaning set forth in *Section 2*.

“**Insurance**” shall mean (i) all insurance policies covering any or all of the Collateral (regardless of whether the Lender is the loss payee thereof) and (ii) any key man life insurance policies.

“**Intellectual Property**” means the Intellectual Property Rights as defined in the Purchase Agreement.

“**Licensed Operations**” has the meaning assigned to such term in the Purchase Agreement.

“**Proceeds**” shall mean the following: (a) whatever is acquired upon the sale, lease, license, exchange or other disposition of Collateral; (b) whatever is collected on, or distributed on account of, Collateral; (c) rights arising out of Collateral; (d) to the extent of the value of Collateral, claims arising out of the loss, nonconformity, or interference with the use of, defects or infringement of rights in, or damage to, the Collateral; (e) to the extent of the value of Collateral and to the extent payable to the Borrower or the Lender, insurance payable by reason of the loss or nonconformity of, defects or infringement of rights in, or damage to, the Collateral and (f) in any event, shall include, without limitation, all dividends or other income from the Collateral, collections thereon or distributions with respect thereto.

“**UCC**” means the Uniform Commercial Code as in effect from time to time in the State of California.

2. Mortgage and Grant of Security Interest. Borrower hereby mortgages, assigns and transfers to the Lender, and hereby grants to the Lender a continuing first priority lien and security interest in, all of the following property, in each case, wherever located and now owned or at any time hereafter acquired by Borrower or in which Borrower now has or at any time in the future may acquire any right, title or interest (collectively, the “**Collateral**”):

(a) all Acquired Assets (as defined in the Purchase Agreement), including without limitation, all Personal Property, Assumed Leases, Assumed Contracts, Inventory, Prepaids, Accounts Receivable, Post-MSA Accounts, and Intangible Property, including goodwill, Intellectual Property, warranties and guarantees (each such terms as defined in the Purchase Agreement); and

(b) to the extent not otherwise included, all books and records, including all books, databases, customer lists and records relating to any of the foregoing, all Proceeds, products, accessions, rents and profits of any and all of the foregoing and all collateral security of each of the foregoing, Supporting Obligations and guarantees given by any Person with respect to any of the foregoing.

Notwithstanding anything herein to the contrary, the Collateral shall not include any Excluded Assets (as defined in the Purchase Agreement).

In addition, Borrower shall remain liable for all obligations under the Collateral and nothing contained herein is intended or shall be a delegation of duties to the Lender.

3. Secured Obligations. The Collateral secures the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of all Obligations.

4. Perfection of Security Interest and Further Assurances.

(a) Borrower shall, from time to time, with respect to all Collateral, promptly take all actions as may be necessary under applicable laws to perfect the security interest of the Lender in the Collateral. All of the foregoing shall be at the sole cost and expense of the Borrower.

(b) Borrower hereby irrevocably authorizes the Lender at any time and from time to time to file in any relevant jurisdiction any financing statements and amendments thereto that contain the information required by Division 9 of the UCC of each applicable jurisdiction for the filing of any financing statement or amendment relating to the Collateral, including any financing or continuation statements or other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interest granted by Borrower hereunder, without the signature of Borrower where permitted by law, including the filing of a financing statement describing the Collateral as all assets now owned or hereafter acquired by the debtor, or words of similar effect. Borrower agrees to provide all information required by the Lender pursuant to this Section promptly to the Lender upon request. Borrower shall no less frequently than annually provide the Lender in writing information reasonably describing all Intellectual Property acquired or developed by Borrower since the date of this agreement or the most recent such written notification.

(c) Borrower hereby further authorizes the Lender to file with the United States Patent and Trademark Office and the United States Copyright Office (and any successor office and any similar office in any state of the United States or in any other country) an Intellectual Property Security Agreement with respect to the Intellectual Property included in the Collateral as of the date hereof, as well as any Intellectual Property acquired after the date hereof, in substantially the form of Exhibits A hereto, for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interest granted by Borrower hereunder, without the signature of Borrower where permitted by law.

(d) If Borrower shall at any time hold or acquire any Certificated Securities, promissory notes, Tangible Chattel Paper, negotiable documents or warehouse receipts relating to the Collateral, Borrower shall promptly endorse, assign and deliver the same to the Lender, accompanied by such instruments of transfer or assignment duly executed in blank as the Lender may from time to time specify.

(e) If any Collateral is at any time in the possession of a bailee, Borrower shall promptly notify the Lender thereof and, at the Lender's request and option, shall promptly obtain

an acknowledgment from the bailee, in form and substance satisfactory to the Lender, that the bailee holds such Collateral for the benefit of the Lender and the bailee agrees to comply, without further consent of the Borrower, at any time with instructions of the Lender as to such Collateral.

(f) Borrower agrees that at any time and from time to time, at the expense of Borrower, Borrower will promptly execute and deliver all further instruments and documents, obtain such agreements from third parties, and take all further action, that may be necessary or desirable, or that the Lender may reasonably request, in order to perfect and protect any security interest granted hereby or to enable the Lender to exercise and enforce its rights and remedies hereunder or under any other agreement with respect to any Collateral.

5. Representations and Warranties. Borrower represents and warrants as follows:

(a) Schedule I attached hereto sets forth Borrower's exact legal name, type of organization, jurisdiction of organization, place of business (if more than one, its chief executive office) and its mailing address.

(b) At the time the Collateral becomes subject to the lien and security interest created by this Agreement, Borrower will be the sole, direct, legal and beneficial owner thereof, [free and clear of any lien, security interest, encumbrance, claim, option or right of others except for the security interest created by this Agreement and Permitted Personal Property Encumbrances].

(c) Upon the completion of the filings and other actions described on Schedule II hereto and the payment of all filing fees, the mortgage and pledge of the Collateral pursuant to this Agreement creates a valid and first-priority perfected security interest in the Collateral, securing the payment and performance when due of the Obligations subject in the case of priority only to Permitted Personal Property Encumbrances.

(d) Subject to any restrictions arising on account of Borrower's status a "debtor" under the Bankruptcy Code, any required approvals of the Bankruptcy Court and receipt of other consents which the parties hereto contemplate will be obtained prior to the Effective Date, Borrower has full power and authority to enter into, consummate and perform this Agreement, including without limitation, to mortgage and pledge the Collateral pursuant to this Agreement.

(e) This Agreement has been duly authorized, executed and delivered by Borrower and constitutes a legal, valid and binding obligation of Borrower enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and subject to equitable principles (regardless of whether enforcement is sought in equity or at law).

(f) Except for consents and approvals to be obtained prior to the Effective Date, no authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the mortgage and pledge by Borrower of the

Collateral pursuant to this Agreement or for the execution and delivery of this Agreement by Borrower or the performance by Borrower of its obligations thereunder.

(g) The execution and delivery of this Agreement by Borrower and the performance by Borrower of its obligations thereunder, will not violate any provision of any applicable law or regulation or any order, judgment, writ, award or decree of any court, arbitrator or governmental authority, domestic or foreign, applicable to Borrower or any of its property (except for any restrictions arising on account of the Borrower's status a "debtor" under the Bankruptcy Code, any required approvals of the Bankruptcy Court and receipt of other consents which the parties hereto contemplate will be obtained prior to the Effective Date), or the organizational or governing documents of Borrower or any agreement or instrument to which it is party or by which it or its property is bound.

(h) No third person other than the Lender has control or possession of all or any part of the Collateral.

6. Receivables.

(a) After the occurrence and during the continuation of an Event of Default, the Lender may, or at the request and option of the Lender, Borrower shall, notify Account Debtors and other persons obligated on any of the Collateral of the security interest of the Lender in any Account, Chattel Paper, General Intangible, Instrument or other Collateral and that payment thereof is to be made directly to the Lender.

7. Covenants. Borrower covenants as follows:

(a) Borrower will not, without providing at least 30 days' prior written notice to the Lender, change its legal name, identity, type of organization, jurisdiction of organization, corporate structure, location of its chief executive office or its principal place of business. Borrower will, prior to any change described in the preceding sentence, take all actions reasonably requested by the Lender to maintain the perfection and priority of the Lender's security interest in the Collateral.

(b) The Collateral, to the extent not delivered to the Lender pursuant to **Section 4**, will be kept at the Hospital Campus Real Property or any location in which the Licensed Operations are conducted and Borrower will not remove the Collateral from such locations without providing at least 30 days' prior written notice to the Lender. Borrower will, prior to any change described in the preceding sentence, take all actions reasonably required by the Lender to maintain the perfection and priority of the Lender's security interest in the Collateral.

(c) Lender shall, at its own cost and expense, defend title to the Collateral and the lien and security interest of the Lender therein against the claim of any person claiming against or through Borrower (other than Permitted Personal Property Encumbrances) and shall maintain and preserve such perfected security interest for so long as this Agreement shall remain in effect.

(d) Borrower will not sell, offer to sell, dispose of, convey, assign or otherwise transfer, grant any option with respect to, restrict, or grant, create, permit or suffer to exist any mortgage, pledge, lien, security interest, option, right of first offer, encumbrance or other restriction or limitation of any nature whatsoever on, any of the Collateral or any interest therein except as expressly provided for in the Credit Agreement or the Purchase Agreement or otherwise with the prior written consent of the Lender.

(e) Borrower will keep the Collateral in good order and repair and will not use the same in violation of law or any policy of Insurance thereon. Borrower will permit the Lender, or its designee, to inspect the Collateral at any reasonable time, wherever located.

(f) Borrower will pay promptly when due all taxes, assessments, governmental charges, and levies upon the Collateral or incurred in connection with the use or operation of the Collateral or incurred in connection with this Agreement.

(g) Borrower will continue to operate its business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances.

8. Lender Appointed Attorney-in-Fact. Borrower hereby appoints the Lender the Borrower's attorney-in-fact, with full authority in the place and stead of Borrower and in the name of Borrower or otherwise, from time to time during the continuance of an Event of Default in the Lender's discretion to take any action and to execute any instrument which the Lender may deem necessary or advisable to accomplish the purposes of this Agreement (but the Lender shall not be obligated to and shall have no liability to Borrower or any third party for failure to do so or take action). This appointment, being coupled with an interest, shall be irrevocable until the termination of this Agreement. Borrower hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof.

9. Lender May Perform. If Borrower fail to perform any obligation contained in this Agreement, the Lender may itself perform, or cause performance of, such obligation, and the expenses of the Lender incurred in connection therewith shall be payable by Borrower; *provided*, that the Lender shall not be required to perform or discharge any obligation of the Borrower.

10. Reasonable Care. The Lender shall have no duty with respect to the care and preservation of the Collateral beyond the exercise of reasonable care. The Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which the Lender accords its own property, it being understood that the Lender shall not have any responsibility for (a) ascertaining or taking action with respect to any claims, the nature or sufficiency of any payment or performance by any party under or pursuant to any agreement relating to the Collateral or other matters relative to any Collateral, whether or not the Lender has or is deemed to have knowledge of such matters, or (b) taking any necessary steps to preserve rights against any parties with

respect to any Collateral. Nothing set forth in this Agreement, nor the exercise by the Lender of any of the rights and remedies hereunder, shall relieve Borrower from the performance of any obligation on Borrower's part to be performed or observed in respect of any of the Collateral.

11. Remedies Upon Default. If any Event of Default shall have occurred and be continuing:

(a) The Lender, without any other notice to or demand upon the Borrower, may assert all rights and remedies of a secured party under the UCC (whether or not the UCC is applicable to Borrower or the affected Collateral) or other applicable law or in equity, including, without limitation, the right to take possession of, hold, collect, sell, lease, deliver, grant options to purchase or otherwise retain, liquidate or dispose of all or any portion of the Collateral. If notice prior to disposition of the Collateral or any portion thereof is necessary under applicable law, written notice mailed to Borrower at the notice address as provided in **Section 15** hereof at least ten (10) days prior to the date of such disposition shall constitute reasonable notice, but notice given in any other reasonable manner shall be sufficient. So long as the sale of the Collateral is made in a commercially reasonable manner, the Lender may sell such Collateral on such terms and to such purchaser(s) as the Lender in its absolute discretion may choose, without assuming any credit risk and without any obligation to advertise or give notice of any kind other than that necessary under applicable law. Without precluding any other methods of sale, the sale of the Collateral or any portion thereof shall have been made in a commercially reasonable manner if conducted in conformity with reasonable commercial practices of creditors disposing of similar property. The Lender may sell the Collateral without giving any warranties as to the Collateral. The Lender may specifically disclaim or modify any warranties of title or the like. The foregoing will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral. At any sale of the Collateral, if permitted by applicable law, the Lender may be the purchaser, licensee, assignee or recipient of the Collateral or any part thereof and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold, assigned or licensed at such sale, to use and apply any of the Obligations as a credit on account of the purchase price of the Collateral or any part thereof payable at such sale. To the extent permitted by applicable law, Borrower waives all claims, damages and demands it may acquire against the Lender arising out of the exercise by it of any rights hereunder. Borrower hereby waives and releases to the fullest extent permitted by law any right or equity of redemption with respect to the Collateral, whether before or after sale hereunder, and all rights, if any, of marshalling the Collateral and any other security for the Obligations or otherwise. At any such sale, unless prohibited by applicable law, the Lender or any custodian may bid for and purchase all or any part of the Collateral so sold free from any such right or equity of redemption. Neither the Lender nor any custodian shall be liable for failure to collect or realize upon any or all of the Collateral or for any delay in so doing, nor shall it be under any obligation to take any action whatsoever with regard thereto. The Lender shall not be obligated to clean-up or otherwise prepare the Collateral for sale.

(b) Any cash held by the Lender as Collateral and all cash Proceeds received by the Lender in respect of any sale of, collection from, or other realization upon all or any part of the

Collateral shall be applied in whole or in part by the Lender to the payment of expenses incurred by the Lender in connection with the foregoing or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Lender hereunder, including reasonable attorneys' fees, and the balance of such Proceeds shall be applied or set off against all or any part of the Obligations in such order as the Lender shall elect in accordance with the Credit Agreement. Borrower shall remain liable for any deficiency if such cash and the cash Proceeds of any sale or other realization of the Collateral are insufficient to pay the Obligations and the fees and other charges of any attorneys employed by the Lender to collect such deficiency.

(c) If the Lender shall determine to exercise its rights to sell all or any of the Collateral pursuant to this Section, Borrower agrees that, upon request of the Lender, Borrower will, at its own expense, do or cause to be done all such acts and things as may be necessary to make such sale of the Collateral or any part thereof valid and binding and in compliance with applicable law.

(d) For the purpose of enabling the Lender to exercise rights and remedies under this Section 11 (including in order to take possession of, collect, receive, assemble, process, appropriate, remove, realize upon, sell, assign, license out, convey, transfer or grant options to purchase any Collateral) at such time as the Lender shall be lawfully entitled to exercise such rights and remedies, Borrower hereby grants to the Lender, (i) an irrevocable, nonexclusive, and assignable license (exercisable without payment of royalty or other compensation to Borrower), subject, in the case of trademarks, to sufficient rights to quality control and inspection in favor of Borrower to avoid the risk of invalidation of such trademarks, to use, practice, license, sublicense, and otherwise exploit any and all Intellectual Property now owned or held or hereafter acquired or held by Borrower (which license shall include access to all media in which any of the licensed items may be recorded or stored and to all software and programs used for the compilation or printout thereof) and (ii) an irrevocable license (without payment of rent or other compensation to Borrower) to use, operate and occupy all real property owned, operated, leased, subleased, or otherwise occupied by Borrower.

12. No Waiver and Cumulative Remedies. The Lender shall not by any act (except by a written instrument pursuant to **Section 14**), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law.

13. Security Interest Absolute. Borrower hereby waives demand, notice, protest, notice of acceptance of this Agreement, notice of loans made, credit extended, Collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. All rights of the Lender and liens and security interests hereunder, and all Obligations of Borrower hereunder, shall be absolute and unconditional irrespective of:



(a) any illegality or lack of validity or enforceability of any Obligation or any related agreement or instrument;

(b) any change in the time, place or manner of payment of, or in any other term of, the Obligations, or any rescission, waiver, amendment or other modification of the Credit Agreement, this Agreement, any Loan Document or any other agreement, including any increase in the Obligations resulting from any extension of additional credit or otherwise;

(c) any taking, exchange, substitution, release, impairment or non-perfection of any Collateral or any other collateral, or any taking, release, impairment, amendment, waiver or other modification of any guaranty, for all or any of the Obligations;

(d) any manner of sale, disposition or application of Proceeds of any Collateral or any other collateral or other assets to all or part of the Obligations;

(e) any default, failure or delay, willful or otherwise, in the performance of the Obligations;

(f) any defense, set-off or counterclaim (other than a defense of payment or performance) that may at any time be available to, or be asserted by, Borrower against the Lender; or

(g) any other circumstance (including, without limitation, any statute of limitations) or manner of administering the Loans or any existence of or reliance on any representation by the Lender that might vary the risk of Borrower or otherwise operate as a defense available to, or a legal or equitable discharge of, Borrower or any other grantor, guarantor or surety.

14. Amendments. None of the terms or provisions of this Agreement may be amended, modified, supplemented, terminated or waived, and no consent to any departure by Borrower therefrom shall be effective unless the same shall be in writing and signed by the Lender and Borrower, and then such amendment, modification, supplement, waiver or consent shall be effective only in the specific instance and for the specific purpose for which made or given.

15. Addresses For Notices. All notices and other communications provided for in this Agreement shall be in writing and shall be given in the manner and become effective as set forth in the Credit Agreement, and addressed to the respective parties at their addresses as specified on the signature pages hereof or as to either party at such other address as shall be designated by such party in a written notice to each other party.

16. Continuing Security Interest; Further Actions. This Agreement shall create a continuing lien and security interest in the Collateral and shall (a) subject to **Section 17**, remain in full force and effect until payment and performance in full of the Obligations or termination hereof in accordance with **Section 18**, (b) be binding upon Borrower, its successors and assigns, and (c) inure to the benefit of the Lender and its successors, transferees and assigns; *provided*, that Borrower may not assign or otherwise transfer any of its rights or obligations under this

Agreement without the prior written consent of the Lender. Without limiting the generality of the foregoing clause (c), any assignee of the Lender's interest in any agreement or document which includes all or any of the Obligations shall, upon assignment in accordance with Section 8.4 of the Credit Agreement, become vested with all the benefits granted to the Lender herein with respect to such Obligations.

17. Reinstatement. If at any time payment of any of the Obligations or any portion thereof is rescinded, disgorged or must otherwise be restored or returned by the Lender or deemed to be void, voidable, a fraudulent transfer or otherwise recoverable under any state or federal law, the liability of Borrower hereunder will automatically and immediately be revived, reinstated and restored as though such payment had never been made.

18. Termination; Release. Subject to **Section 17**, on the earlier to occur of (i) the date on which all Obligations have been paid and performed in full and (ii) the date on which the Transactions are consummated pursuant to the terms of the Transaction Documents, the mortgage and security interest granted hereby shall automatically terminate hereunder and of record and all rights to the Collateral shall revert to Borrower. Upon any disposition of property permitted by and in accordance with the Credit Agreement or otherwise consented to in writing by Lender, the mortgage and security interest granted herein in such Collateral shall be released and all rights to such Collateral shall revert to Borrower. In each case, the Lender will, at the request and sole expense of Borrower, (a) duly assign, transfer and deliver to or at the direction of Borrower (without recourse and without any representation or warranty) such of the Collateral as may then remain in the possession of the Lender, together with any monies at the time held by the Lender hereunder, and (b) execute and deliver to Borrower a proper instrument or instruments to evidence the termination of this Agreement or such lien release.

19. GOVERNING LAW. This Agreement shall be governed by, and shall be construed and enforced in accordance with, the internal Laws (not the choice of law) of the State of California and the Bankruptcy Code, as applicable. Each of Borrower and Lender agrees to submit to the jurisdiction of the Bankruptcy Court and the courts of the State of California. Any action or proceeding to enforce or interpret any provision of this Agreement shall be brought, commenced or prosecuted in the County of Fresno, California. The other provisions of Sections 8.3, 8.6, 8.7 and 8.8 of the Credit Agreement are incorporated herein, *mutatis mutandis*, as if a part hereof.

20. Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement.

21. Other Loan Documents. To the extent Borrower's Obligations are now or hereafter secured by property other than the Collateral or by a guarantee, endorsement or property of any other person or entity, then the Lender shall have the right, in its sole discretion, to determine

which rights, guarantees, endorsements, security, liens or remedies the Lender shall pursue without waiving or affecting any of Lender's rights hereunder.

[SIGNATURE PAGE FOLLOWS]

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

**BORROWER:**

TULARE LOCAL HEALTHCARE DISTRICT,  
a local health care district of the State of California

By: \_\_\_\_\_  
Name:  
Title:

**LENDER:**

ADVENTIST HEALTH SYSTEM/WEST,  
a California nonprofit religious corporation  
d/b/a ADVENTIST HEALTH

By: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE I**

**BORROWER'S INFORMATION**

1. EXACT LEGAL NAME:
  
2. TYPE OF ORGANIZATION:
  
3. JURISDICTION OF ORGANIZATION
  
4. PLACE OF BUSINESS/CHIEF EXECUTIVE OFFICE
  
5. MAILING ADDRESS

**SCHEDULE II**

**PERFECTION ACTIONS**

## INTELLECTUAL PROPERTY SECURITY AGREEMENT

This INTELLECTUAL PROPERTY SECURITY AGREEMENT (as amended, amended and restated, supplemented or otherwise modified from time to time, the “**IP Security Agreement**”) dated as of \_\_\_\_\_, 20\_\_, is made by TULARE LOCAL HEALTHCARE DISTRICT, a local health care district of the State of California, as grantor (“**Borrower**”) in favor of ADVENTIST HEALTH SYSTEM/WEST, a California nonprofit religious corporation doing business as Adventist Health, as secured party (the “**Lender**”).

WHEREAS, Borrower and the Lender have entered into that certain [Senior Secured Super Priority] Debtor-in-Possession Credit Agreement dated as of [ ], 2018 (as amended, restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”) pursuant to which the Lender has agreed to make certain extensions of credit to Borrower upon the terms and subject to the conditions set forth therein.

WHEREAS, as a condition precedent to the making of the Loans under the Credit Agreement, Borrower has executed and delivered that certain Security Agreement and Chattel Mortgage dated as of [ ], 2018, among Borrower and the Lender (as amended, amended and restated, supplemented or otherwise modified from time to time, the “**Security Agreement**”). Terms defined in the Security Agreement and not otherwise defined herein are used herein as defined in the Security Agreement.

WHEREAS, under the terms of the Security Agreement, Borrower has granted to the Lender a security interest in, among other property, certain intellectual property of Borrower, and have agreed as a condition thereof to execute this IP Security Agreement for recording with the U.S. Patent and Trademark Office, the United States Copyright Office and other governmental authorities.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower agrees as follows:

SECTION 1. Grant of Security. Borrower hereby grants to the Lender a security interest in all of such Borrower’s right, title and interest in and to the following (the “**Collateral**”):

1. all letters patent of the United States and all applications for letters patent of the United States, including those set forth in Schedule A hereto, and all reissues, continuations, divisions, continuations-in-part or extensions thereof, and the inventions disclosed or claimed therein, including the right to make, use and/or sell the inventions disclosed or claimed therein (the “**Patents**”);

2. all trademarks, service marks, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations thereof (if any), and all registration and recording applications filed in connection therewith, including registrations and registration applications in the United States Patent and Trademark Office or any similar offices in any State of the United States or any other country or any political subdivision thereof, and all renewals thereof, including those set forth in Schedule B hereto, together with all goodwill associated therewith or symbolized thereby (provided that no security interest shall be granted in United States intent-to-use trademark applications prior to the filing of a “Statement of Use” or “Amendment to Allege Use” with respect thereto, to the extent, if any, that, and solely during the period, if any, in which the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark application under applicable federal law) (the “**Trademarks**”);

3. (x) all copyright rights in any work subject to the copyright laws of the United States, whether as author, assignee, transferee or otherwise, (y) all registrations and applications for registration of any such copyright in the United States, including registrations, supplemental registrations and pending applications for registration in the United States Copyright Office and (z) any written agreement, now or hereafter in effect, granting any right to Borrower under any copyright now or hereafter owned by any third party, and all rights of Borrower under any such agreement (including, without limitation, any such rights that Borrower has the right to license), including, without limitation, the copyright registrations and applications and exclusive copyright licenses set forth in Schedule C hereto (the “**Copyrights**”);

4. any and all claims for damages and injunctive relief for past, present and future infringement, dilution, misappropriation, violation, misuse or breach with respect to any of the foregoing, with the right, but not the obligation, to sue for and collect, or otherwise recover, such damages; and

5. any and all proceeds of, collateral for, income, royalties and other payments now or hereafter due and payable with respect to, and Supporting Obligations relating to, any and all of the Collateral of or arising from any of the foregoing.

Notwithstanding anything to the contrary, in no event shall clause (3)(z) above include any license to the extent, but only to the extent, that the granting of a security interest in the rights under the terms of such license result in a breach of the terms of, or constitute a default under, such license (other than to the extent that any such term would be rendered ineffective pursuant to the Uniform Commercial Code or any other applicable law (including the Bankruptcy Code)) or principles of equity; *provided*, that immediately upon the ineffectiveness, lapse or termination of any such provision, clause (3)(z) above shall include all such rights and interests as if such provision had never been in effect.



SECTION 2. Security for Obligations. The grant of a security interest in, the Collateral by Borrower under this IP Security Agreement secures the payment of all Obligations of Borrower now or hereafter existing, whether direct or indirect, absolute or contingent, and whether for principal, reimbursement obligations, interest, premiums, penalties, fees, indemnifications, contract causes of action, costs, expenses or otherwise. Without limiting the generality of the foregoing, this IP Security Agreement secures, as to Borrower, the payment of all amounts that constitute part of the Obligations and that would be owed by Borrower to Lender under the Loan Documents but for the fact that such Obligations are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving Borrower.

SECTION 3. Recordation. Borrower authorizes and requests that the Register of Copyrights, the Commissioner for Patents and the Commissioner for Trademarks and any other applicable government officer record this IP Security Agreement.

SECTION 4. Execution in Counterparts. This IP Security Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart to this IP Security Agreement by facsimile or other electronic transmission (including .pdf or .tif format) shall be as effective as delivery of a manually signed original.

SECTION 5. Grants, Rights and Remedies. This IP Security Agreement has been entered into in conjunction with the provisions of the Security Agreement. Borrower does hereby acknowledge and confirm that the grant of the security interest hereunder to, and the rights and remedies of, the Lender with respect to the Collateral are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated herein by reference as if fully set forth herein. In the event that any provision of this IP Security Agreement is deemed to conflict with the Security Agreement, the provisions of the Security Agreement shall control.

SECTION 6. Governing Law. This IP Security Agreement shall be governed by, and construed in accordance with, the internal laws (not the choice of law) of the State of California and the Bankruptcy Code.

IN WITNESS WHEREOF, Borrower has caused this IP Security Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

TULARE LOCAL HEALTHCARE DISTRICT, a  
local health care district of the State of California

By: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE A**

**Patents and Patent Applications**

<b>Borrower</b>	<b>Patent No./ Application No.</b>	<b>Issue Date/File Date</b>	<b>Title</b>

**SCHEDULE B**

**Trademarks and Trademark Applications**

<b>Borrower</b>	<b>Mark</b>	<b>Country</b>	<b>App. No.</b>	<b>App. Date</b>	<b>Reg. No.</b>	<b>Reg. Date</b>

**SCHEDULE C**

**Copyrights and Copyright Applications**

<b>Copyright</b>	<b>Borrower</b>	<b>Registration No. / Application No.</b>	<b>Registration Date / Filing Date</b>

