

(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.

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

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 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

Borrower	Patent No./ Application No.	Issue Date/File Date	Title

SCHEDULE B

Trademarks and Trademark Applications

Borrower	Mark	Country	App. No.	App. Date	Reg. No.	Reg. Date

SCHEDULE C

Copyrights and Copyright Applications

Copyright	Borrower	Registration No. / Application No.	Registration Date / Filing Date

