UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2019

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 000-51371

LINCOLN EDUCATIONAL SERVICES CORPORATION

(Exact name of registrant as specified in its charter)

New Jersey (State or other jurisdiction of incorporation or organization)	**57-1150621** (IRS Employer Identification No.)
200 Executive Drive, Suite 340 **West Orange, NJ** (Address of principal executive offices)	**07052** (Zip Code)

(973) 736-9340
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☒
Emerging growth company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value per share	LINC	The NASDAQ Stock Market LLC

As of November 12, 2019, there were 25,231,710 shares of the registrant's common stock outstanding.

LINCOLN EDUCATIONAL SERVICES CORPORATION AND SUBSIDIARIES

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FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2019

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

LINCOLN EDUCATIONAL SERVICES CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)
(Unaudited)

	September 30, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 11,757	$ 17,571
Restricted cash	3,997	16,775
Accounts receivable, less allowance of $17,277 and $15,590 at September 30, 2019 and December 31, 2018, respectively	22,094	18,675
Inventories	1,899	1,451
Prepaid income taxes and income taxes receivable	358	178
Prepaid expenses and other current assets	4,257	2,461
Total current assets	44,362	57,111
PROPERTY, EQUIPMENT AND FACILITIES - At cost, net of accumulated depreciation and amortization of $172,190 and $171,109 at September 30, 2019 and December 31, 2018, respectively	48,209	49,292
OTHER ASSETS:		
Noncurrent restricted cash	-	11,600
Noncurrent receivables, less allowance of $2,156 and $1,403 at September 30, 2019 and December 31, 2018, respectively	14,633	12,175
Deferred income taxes, net	-	424
Operating lease right-of-use assets	38,750	-
Goodwill	14,536	14,536
Other assets, net	1,247	900
Total other assets	69,166	39,635
TOTAL	$ 161,737	$ 146,038

See notes to unaudited condensed consolidated financial statements.

LINCOLN EDUCATIONAL SERVICES CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)
(Unaudited)
(Continued)

	September 30, 2019	December 31, 2018
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of credit agreement	$ 7,117	$ 15,000
Unearned tuition	22,901	22,545
Accounts payable	18,899	14,107
Accrued expenses	9,523	10,605
Current portion of operating lease liabilities	9,089	-
Other short-term liabilities	595	2,324
Total current liabilities	68,124	64,581
NONCURRENT LIABILITIES:		
Long-term credit agreement and term loan	19,785	33,769
Pension plan liabilities	4,149	4,271
Deferred income taxes, net	93	-
Long-term portion of operating lease liabilities	35,942	-
Accrued rent	-	3,410
Other long-term liabilities	64	141
Total liabilities	128,157	106,172
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, no par value - 10,000,000 shares authorized, no shares issued and outstanding at September 30, 2019 and December 31, 2018	-	-
Common stock, no par value - authorized: 100,000,000 shares at September 30, 2019 and December 31, 2018; issued and outstanding: 31,142,251 shares at September 30, 2019 and 30,552,333 shares at December 31, 2018	141,377	141,377
Additional paid-in capital	29,927	29,484
Treasury stock at cost - 5,910,541 shares at September 30, 2019 and December 31, 2018	(82,860)	(82,860)
Accumulated deficit	(51,264)	(44,073)
Accumulated other comprehensive loss	(3,600)	(4,062)
Total stockholders' equity	33,580	39,866
TOTAL	$ 161,737	$ 146,038

See notes to unaudited condensed consolidated financial statements.

LINCOLN EDUCATIONAL SERVICES CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
REVENUE	$ 72,594	$ 70,078	$ 199,427	$ 193,087
COSTS AND EXPENSES:				
Educational services and facilities	33,211	33,488	92,940	94,169
Selling, general and administrative	37,451	36,087	111,512	108,091
(Gain) loss on disposition of assets	(211)	427	(211)	537
Total costs & expenses	70,451	70,002	204,241	202,797
OPERATING INCOME (LOSS)	2,143	76	(4,814)	(9,710)
OTHER:				
Interest income	1	6	7	25
Interest expense	(754)	(632)	(2,141)	(1,743)
INCOME (LOSS) BEFORE INCOME TAXES	1,390	(550)	(6,948)	(11,428)
PROVISION FOR INCOME TAXES	50	50	244	150
NET INCOME (LOSS)	$ 1,340	$ (600)	$ (7,192)	$ (11,578)
Basic				
Net income (loss) per share	$ 0.05	$ (0.02)	$ (0.29)	$ (0.47)
Diluted				
Net income (loss) per share	$ 0.05	$ (0.02)	$ (0.29)	$ (0.47)
Weighted average number of common shares outstanding:				
Basic	24,563	24,533	24,551	24,387
Diluted	24,608	24,533	24,551	24,387

See notes to unaudited condensed consolidated financial statements.

LINCOLN EDUCATIONAL SERVICES CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net income (loss)	$ 1,340	$ (600)	$ (7,192)	$ (11,578)
Other comprehensive income				
Employee pension plan adjustments	154	162	462	485
Comprehensive income (loss)	$ 1,494	$ (438)	$ (6,730)	$ (11,093)

See notes to unaudited condensed consolidated financial statements.

LINCOLN EDUCATIONAL SERVICES CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In thousands, except share amounts)
(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
BALANCE - January 1, 2019	30,552,333	$ 141,377	$ 29,484	$ (82,860)	$ (44,073)	$ (4,062)	$ 39,866
Net loss	-	-	-	-	(5,467)	-	(5,467)
Employee pension plan adjustments	-	-	-	-	-	154	154
Stock-based compensation expense							
Restricted stock	478,853	-	52	-	-	-	52
Net share settlement for equity-based compensation	(5,518)	-	(18)	-	-	-	(18)
BALANCE - March 31, 2019	31,025,668	141,377	29,518	(82,860)	(49,540)	(3,908)	34,587
Net loss	-	-	-	-	(3,064)	-	(3,064)
Employee pension plan adjustments	-	-	-	-	-	154	154
Stock-based compensation expense							
Restricted stock	116,583	-	191	-	-	-	191
Net share settlement for equity-based compensation	-	-	-	-	-	-	-
BALANCE - June 30, 2019	31,142,251	141,377	29,709	(82,860)	(52,604)	(3,754)	31,868
Net income	-	-	-	-	1,340	-	1,340
Employee pension plan adjustments	-	-	-	-	-	154	154
Stock-based compensation expense							
Restricted stock	-	-	218	-	-	-	218
Net share settlement for equity-based compensation	-	-	-	-	-	-	-
BALANCE - September 30, 2019	31,142,251	$ 141,377	$ 29,927	$ (82,860)	$ (51,264)	$ (3,600)	$ 33,580

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
BALANCE - January 1, 2018	30,624,407	$ 141,377	$ 29,334	$ (82,860)	$ (37,528)	$ (4,510)	$ 45,813
Net loss	-	-	-	-	(6,874)	-	(6,874)
Employee pension plan adjustments	-	-	-	-	-	162	162
Stock-based compensation expense							
Restricted stock	113,946	-	429	-	-	-	429
Net share settlement for equity-based compensation	(168,254)	-	(311)	-	-	-	(311)
BALANCE - March 31, 2018	30,570,099	141,377	29,452	(82,860)	(44,402)	(4,348)	39,219
Net loss	-	-	-	-	(4,104)	-	(4,104)
Employee pension plan adjustments	-	-	-	-	-	161	161
Stock-based compensation expense							
Restricted stock	21,622	-	53	-	-	-	53
Net share settlement for equity-based compensation	(39,388)	-	(61)	-	-	-	(61)
BALANCE - June 30, 2018	30,552,333	141,377	29,444	(82,860)	(48,506)	(4,187)	35,268
Net loss	-	-	-	-	(600)	-	(600)
Employee pension plan adjustments	-	-	-	-	-	162	162
Stock-based compensation expense							
Restricted stock	-	-	20	-	-	-	20
Net share settlement for equity-based compensation	-	-	-	-	-	-	-
BALANCE - September 30, 2018	30,552,333	$ 141,377	$ 29,464	$ (82,860)	$ (49,106)	$ (4,025)	$ 34,850

See notes to unaudited condensed consolidated financial statements.

LINCOLN EDUCATIONAL SERVICES CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (7,192)	$ (11,578)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	5,972	6,289
Amortization of deferred finance charges	354	275
Deferred income taxes	424	-
(Gain) loss on disposition of assets	(211)	537
Fixed asset donations	(893)	-
Provision for doubtful accounts	15,157	12,988
Stock-based compensation expense	460	502
Deferred rent	-	(697)
(Increase) decrease in assets:		
Accounts receivable	(21,034)	(21,300)
Inventories	(448)	(654)
Prepaid income taxes and income taxes receivable	(180)	-
Prepaid expenses and other current assets	554	139
Other assets, net	(1,003)	(83)
Increase (decrease) in liabilities:		
Accounts payable	4,197	9,007
Accrued expenses	(33)	1,983
Unearned tuition	356	(3,122)
Deferred income taxes	93	-
Other liabilities	(1,466)	(102)
Total adjustments	2,299	5,762
Net cash used in operating activities	(4,893)	(5,816)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(3,272)	(4,217)
Proceeds from insurance	211	-
Proceeds from sale of property and equipment	-	2,348
Net cash used in investing activities	(3,061)	(1,869)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on borrowings	(27,167)	(32,800)
Proceeds from borrowings	5,045	4,400
Payment of deferred finance fees	(98)	(94)
Net share settlement for equity-based compensation	(18)	(372)
Net cash used in financing activities	(22,238)	(28,866)
NET DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(30,192)	(36,551)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—Beginning of period	45,946	54,554
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—End of period	$ 15,754	$ 18,003

See notes to unaudited condensed consolidated financial statements.

LINCOLN EDUCATIONAL SERVICES CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)
(Continued)

	Nine Months Ended September 30,	
	2019	**2018**
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for:		
Interest	$ 1,638	$ 1,523
Income taxes	$ 113	$ 167
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Liabilities accrued for or noncash purchases of fixed assets	$ 1,679	$ 392

See notes to unaudited condensed consolidated financial statements.

LINCOLN EDUCATIONAL SERVICES CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(In thousands, except share and per share amounts and unless otherwise stated)
(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activities— Lincoln Educational Services Corporation and its subsidiaries (collectively, the "Company", "we", "our" and "us", as applicable) provide diversified career-oriented post-secondary education to recent high school graduates and working adults. The Company, which currently operates 22 schools in 14 states, offers programs in automotive technology, skilled trades (which include HVAC, welding and computerized numerical control and electrical and electronic systems technology, among other programs), healthcare services (which include nursing, dental assistant and medical administrative assistant, among other programs), hospitality services (which include culinary, therapeutic massage, cosmetology and aesthetics) and information technology programs. The schools operate under Lincoln Technical Institute, Lincoln College of Technology, Lincoln Culinary Institute, and Euphoria Institute of Beauty Arts and Sciences and associated brand names. Most of the campuses serve major metropolitan markets and each typically offers courses in multiple areas of study. Five of the campuses are destination schools, which attract students from across the United States and, in some cases, from abroad. The Company's other campuses primarily attract students from their local communities and surrounding areas. All of the campuses are nationally or regionally accredited and are eligible to participate in federal financial aid programs managed by the U.S. Department of Education (the "DOE") and applicable state education agencies and accrediting commissions, which allow students to apply for and access federal student loans as well as other forms of financial aid.

The Company's business is organized into three reportable business segments: (a) Transportation and Skilled Trades, (b) Healthcare and Other Professions ("HOPS"), and (c) Transitional, which refers to businesses that have been taught out.

In August 2018, New England Institute of Technology at Palm Beach, Inc. ("NEIT"), a wholly-owned subsidiary of the Company, sold to Elite Property Enterprise, LLC the real property owned by NEIT located at 1126 53rd Court North, Mangonia Park, Palm Beach County, Florida and the improvements and certain personal property located thereon (the "Mangonia Park Property"), for a cash purchase price of $2,550,000. At the closing, NEIT paid a real estate brokerage fee equal to 5% of the gross sales price and other customary closing costs and expenses. Pursuant to the provisions of the Company's credit agreement with its lender, Sterling National Bank, the net cash proceeds of the sale of the Mangonia Park Property were deposited into an account with the lender to serve as additional security for loans and other financial accommodations provided to the Company and its subsidiaries under the credit facility. In December 2018, the funds were used to repay the outstanding principal balance of the loans outstanding under the credit facility and such repayment permanently reduced the loan outstanding under the credit facility designated as Facility 1 under the Company's credit agreement to a $22.7 million term loan.

Effective December 31, 2018, the Company completed the teach-out and ceased operation of its Lincoln College of New England ("LCNE") campus at Southington, Connecticut. The decision to close the LCNE campus followed the previously reported placement of LCNE on probation by the college's institutional accreditor, the New England Association of Schools and Colleges ("NEASC"). After evaluating alternative options, the Company concluded that teaching out and closing the campus was in the best interest of the Company and its students. Subsequent to formalizing the LCNE closure decision in August 2018, the Company partnered with Goodwin College, another NEASC- accredited institution in the region, to assist LCNE students to complete their programs of study. The majority of the LCNE students will continue their education at Goodwin College thereby limiting some of the Company's closing costs. The Company recorded closing costs associated with the closure of the LCNE campus in 2018 of approximately $1.6 million in connection with the termination of the LCNE campus lease, which is the net present value of the remaining obligation, to be paid in equal monthly installments through January 2020 and approximately $0.7 million of severance payments. LCNE results, previously reported in the HOPS segment, were included in the Transitional segment as of December 31, 2018.

Liquidity— For the last several years, the Company and the proprietary school sector have faced deteriorating earnings. Government regulations have negatively impacted earnings by making it more difficult for potential students to obtain loans, which, when coupled with the overall economic environment, have discouraged potential students from enrolling in post-secondary schools. In light of these factors, for the last several years, the Company has incurred significant operating losses as a result of lower student population. Despite these challenges, the Company believes that its likely sources of cash should be sufficient to fund operations for the next twelve months and thereafter for the foreseeable future. At September 30, 2019, the Company's sources of cash primarily included cash and cash equivalents of $15.8 million (of which $4.0 million is restricted). The Company is also continuing to take actions to improve cash flow by aligning its cost structure to its student population.

Basis of Presentation – The accompanying unaudited condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial statements. Certain information and footnote disclosures normally included in annual financial statements have been omitted or condensed pursuant to such regulations. These statements, which should be read in conjunction with the December 31, 2018 consolidated financial statements and related disclosures of the Company included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018, reflect all adjustments, consisting of normal recurring adjustments necessary to present fairly the consolidated financial position, results of operations and cash flows for such periods. The results of operations for the three and nine months ended September 30, 2019 are not necessarily indicative of the results that may be expected for the full fiscal year ending December 31, 2019.

The unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates in the Preparation of Financial Statements – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. On an ongoing basis, the Company evaluates the estimates and assumptions including those related to revenue recognition, bad debts, impairments, fixed assets, discount rate for lease liabilities, income taxes, benefit plans and certain accruals. Actual results could materially differ from those estimates.

New Accounting Pronouncements – In July 2019, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2019-07, "*Codification Updates to SEC Sections*," to reflect the recently adopted amendments to the SEC final rules that were done to modernize and simplify certain reporting requirements for public companies, investment advisers and investment companies. This ASU is effective upon issuance and did not have a significant impact on our consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU 2016-13, *"Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments"* and subsequently issued additional guidance that modified ASU 2016-13. ASU 2016-13 and the subsequent modifications are identified as Accounting Standards Codification ("ASC") 326. The standard requires an entity to change its accounting approach in determining impairment of certain financial instruments, including trade receivables, from an "incurred loss" to a "current expected credit loss" model. The standard will be effective for fiscal years beginning after December 15, 2019, including interim periods within such fiscal years. Early adoption is permitted. We are currently assessing the effect that ASC 326 will have on our financial position, results of operations, and disclosures.

In August 2018, the FASB issued ASU 2018-14, "*Compensation – Retirement Benefits – Defined Benefit Plans – General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans*." This ASU adds, modifies and clarifies several disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. This guidance is effective for fiscal years ending after December 15, 2020. Early adoption is permitted. The adoption of ASU 2018-14 will not have a material impact on our consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU No. 2018-13, "*Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement",* which eliminates, adds and modifies certain fair value measurement disclosure requirements of Accounting Standards Codification 820, *Fair Value Measurement*. The amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. The adoption of ASU No. 2018-13 is not expected to have a material impact on the Company's consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07, "*Improvements to Nonemployee Share-Based Payment Accounting*," intended to reduce cost and complexity and to improve financial reporting for share-based payments issued to nonemployees. This ASU expands the scope of Topic 718, "*Compensation - Stock Compensation*", to include share-based payment transactions for acquiring goods and services from nonemployees. An entity should apply the requirements of Topic 718 to nonemployee awards except for specific guidance on inputs to an option pricing model and the attribution of cost. The Company adopted ASU No. 2018-07 on January 1, 2019. The adoption of the standard did not have a material impact on the Company's consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02, "*Income Statement-Reporting Comprehensive Income (Topic 220)*". The updated guidance allows entities to reclassify stranded income tax effects resulting from the Tax Cuts and Jobs Act (the "Tax Act") from accumulated other comprehensive income to retained earnings in their consolidated financial statements. Under the Tax Act, deferred taxes were adjusted to reflect the reduction of the historical corporate income tax rate to the newly enacted corporate income tax rate, which left the tax effects on items within accumulated other comprehensive income stranded at an inappropriate tax rate. The updated guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those years. The Company adopted ASU No. 2018-02 on January 1, 2019 and it did not have a material impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, "*Leases*." This guidance amends the existing accounting considerations and treatments for leases through the creation of Topic 842, Leases, to increase transparency and comparability among organizations by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the balance sheet. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing and uncertainty of cash flows arising from such leases.

In July 2018, the FASB issued ASU No. 2018-10, "*Codification Improvements to Topic 842, Leases*" to further clarify, correct and consolidate various areas previously discussed in ASU 2016-02. FASB also issued ASU No. 2018-11, " *Leases: Targeted Improvements*" to provide entities another option for transition and lessors with a practical expedient. The transition option allows entities to not apply ASU No. 2016-02 in comparative periods in the financial statements in the year of adoption. The practical expedient offers lessors an option to not separate non-lease components from the associated lease components when certain criteria are met.

The amendments in ASU No. 2016-02, ASU No. 2018-10 and ASU No. 2018-11 are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, and allow for modified retrospective adoption with early adoption permitted. The Company adopted ASU No. 2016-02 and the related amendments on January 1, 2019 using the modified retrospective approach and elected the transition relief package of practical expedients by applying previous accounting conclusions under ASC 840 to all leases that existed prior to the transition date. As a result, the Company did not reassess (1) whether existing or expired contracts contain leases, (2) lease classification for any existing or expired leases or (3) whether lease origination costs qualified as initial direct costs. The Company did not elect the practical expedient to use hindsight in determining a lease term and impairment of the right-of-use ("ROU") assets at the adoption date. The Company did not separate lease components from non-lease components for the specified asset classes. The election applies to all operating leases where fixed rent payments incorporate common area maintenance. For leases where the election does not apply, the common area maintenance is billed by the landlord separately. Additionally, the Company did not apply the recognition requirements under ASC 842 to short-term leases, generally defined as leases with terms of less than one year. The Company has operating leases for its corporate office and schools. The Company does not have any finance leases.

Stock-Based Compensation – The Company measures the value of stock options on the grant date at fair value, using the Black-Scholes option valuation model. The Company amortizes the fair value of stock options, net of estimated forfeitures, utilizing straight-line amortization of compensation expense over the requisite service period of the grant.

The Company measures the value of service and performance-based restricted stock on the fair value of a share of common stock on the date of the grant. The Company amortizes the fair value of service-based restricted stock utilizing straight-line amortization of compensation expense over the requisite service period of the grant.

The Company amortizes the fair value of the performance-based restricted stock based on the determination of the probable outcome of the performance condition. If the performance condition is expected to be met, then the Company amortizes the fair value of the number of shares expected to vest utilizing straight-line basis over the requisite performance period of the grant. However, if the associated performance condition is not expected to be met, then the Company does not recognize the stock-based compensation expense.

Income Taxes – The Company accounts for income taxes in accordance with ASC Topic 740, "*Income Taxes*". This statement requires an asset and a liability approach for measuring deferred taxes based on temporary differences between the financial statement and tax bases of assets and liabilities existing at each balance sheet date using enacted tax rates for years in which taxes are expected to be paid or recovered.

In accordance with ASC 740, the Company assesses our deferred tax asset to determine whether all or any portion of the asset is more likely than not unrealizable. A valuation allowance is required to be established or maintained when, based on currently available information, it is more likely than not that all or a portion of a deferred tax asset will not be realized. In accordance with ASC 740, our assessment considers whether there has been sufficient income in recent years and whether sufficient income is expected in future years in order to utilize the deferred tax asset. In evaluating the realizability of deferred income tax assets, the Company considered, among other things, historical levels of income, expected future income, the expected timing of the reversals of existing temporary reporting differences, and the expected impact of tax planning strategies that may be implemented to prevent the potential loss of future income tax benefits. Significant judgment is required in determining the future tax consequences of events that have been recognized in our consolidated financial statements and/or tax returns. Differences between anticipated and actual outcomes of these future tax consequences could have a material impact on the Company's consolidated financial position or results of operations. Changes in, among other things, income tax legislation, statutory income tax rates, or future income levels could materially impact the Company's valuation of income tax assets and liabilities and could cause our income tax provision to vary significantly among financial reporting periods.

During the three and nine months ended September 30, 2019 and 2018, the Company did not recognize any interest and penalties expense associated with uncertain tax positions.

2. WEIGHTED AVERAGE COMMON SHARES

The weighted average number of common shares used to compute basic and diluted loss per share for the three and nine months ended September 30, 2019 and 2018 was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Basic shares outstanding	24,563,038	24,532,648	24,550,999	24,386,689
Dilutive effect of stock options	44,466	-	-	-
Diluted shares outstanding	24,607,504	24,532,648	24,550,999	24,386,689

For the three months ended September 30, 2018, options to acquire 26,083 shares were excluded from the above table because the Company reported a net loss for the period and, therefore, the impact on reported loss per share would have been antidilutive. For the nine months ended September 30, 2019 and 2018, options to acquire 93,654 and 57,680 shares, respectively, were excluded from the above table because the Company reported a net loss for each period and, therefore, their impact on reported loss per share would have been antidilutive. For the three and nine months ended September 30, 2019 and 2018, options to acquire 133,000 and 139,000 shares were excluded from the above table because they have an exercise price that is greater than the average market price of the Company's common stock and, therefore, their impact on reported loss per share would have been antidilutive.

3. REVENUE RECOGNITION

Substantially all of our revenues are considered to be revenues from contracts with students. The related accounts receivable balances are recorded in our balance sheets as student accounts receivable. We do not have significant revenue recognized from performance obligations that were satisfied in prior periods, and we do not have any transaction price allocated to unsatisfied performance obligations other than in our unearned tuition. We record revenue for students who withdraw from our schools only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Unearned tuition represents contract liabilities primarily related to our tuition revenue. We have elected not to provide disclosure about transaction prices allocated to unsatisfied performance obligations if contract durations are less than one-year, or if we have the right to consideration from a student in an amount that corresponds directly with the value provided to the student for performance obligations completed to date. We have assessed the costs incurred to obtain a contract with a student and determined them to be immaterial.

Unearned tuition in the amount of $22.9 million and $22.5 million is recorded in the current liabilities section of the accompanying condensed consolidated balance sheets as of September 30, 2019 and December 31, 2018, respectively. The change in this contract liability balance during the nine month period ended September 30, 2019 is the result of payments received in advance of satisfying performance obligations, offset by revenue recognized during that period. Revenue recognized for the nine month period ended September 30, 2019 that was included in the contract liability balance at the beginning of the year was $21.5 million.

The following table depicts the timing of revenue recognition:

	Three months ended September 30, 2019				Nine months ended September 30, 2019			
	Transportation and Skilled Trades Segment	Healthcare and Other Professions Segment	Transitional Segment	Consolidated	Transportation and Skilled Trades Segment	Healthcare and Other Professions Segment	Transitional Segment	Consolidated
Timing of Revenue Recognition								
Services transferred at a point in time	$ 4,792	$ 1,308	$ -	$ 6,100	$ 9,360	$ 3,541	$ -	$ 12,901
Services transferred over time	47,860	18,634	-	66,494	131,646	54,880	-	186,526
Total revenues	$ 52,652	$ 19,942	$ -	$ 72,594	$ 141,006	$ 58,421	$ -	$ 199,427

	Three months ended September 30, 2018				Nine months ended September 30, 2018			
	Transportation and Skilled Trades Segment	Healthcare and Other Professions Segment	Transitional Segment	Consolidated	Transportation and Skilled Trades Segment	Healthcare and Other Professions Segment	Transitional Segment	Consolidated
Timing of Revenue Recognition								
Services transferred at a point in time	$ 4,514	$ 1,162	$ 56	$ 5,732	$ 8,219	$ 2,847	$ 62	$ 11,128
Services transferred over time	46,492	17,089	765	64,346	127,619	49,707	4,633	181,959
Total revenues	$ 51,006	$ 18,251	$ 821	$ 70,078	$ 135,838	$ 52,554	$ 4,695	$ 193,087

4. LEASES

The Company determines if an arrangement is a lease at inception. The Company considers any contract where there is an identified asset and that it has the right to control the use of such asset in determining whether the contract contains a lease. An operating lease ROU asset represents the Company's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are to be recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company's operating leases do not provide an implicit rate, the Company uses an incremental borrowing rate based on the information available on the adoption date in determining the present value of lease payments. We estimate the incremental borrowing rate based on a yield curve analysis, utilizing the interest rate derived from the fair value analysis of our credit facility and adjusting it for factors that appropriately reflect the profile of secured borrowing over the expected term of the lease. The operating lease ROU assets include any lease payments made prior to the rent commencement date and exclude lease incentives. Our leases have remaining lease terms of one year to 11 years. Lease terms may include options to extend the lease term used in determining the lease obligation when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments are recognized on a straight-line basis over the lease term for operating leases.

The following table present the cumulative effect of the changes made to the condensed consolidated balance sheets as of January 1, 2019, as a result of the adoption of ASC 842:

	December 31, 2018	Adjustments due to ASC 842	January 1, 2019
Operating lease right-of-use asset	$ -	$ 37,993	$ 37,993
Current portion of operating lease liability	$ -	$ 8,999	$ 8,999
Other short-term liabilities	$ 968	$ (968)	$ -
Long-term portion of operating lease liability	$ -	$ 33,372	$ 33,372
Accrued rent	$ 3,410	$ (3,410)	$ -

Our operating lease cost for the three and nine months ended September 30, 2019 was $3.6 and $10.9 million, respectively. The ROU asset amortization is included in other assets in the condensed consolidated cash flows for the nine months ended September 30, 2019.

Supplemental cash flow information and non-cash activity related to our operating leases are as follows:

	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2019
Operating cash flow information:		
Cash paid for amounts included in the measurement of operating lease liabilities	$ 3,674	$ 11,277
Non-cash activity:		
Lease liabilities arising from obtaining right-of-use assets*	$ 2,811	$ 51,445

* Includes effect of adoption of ASU 2016-02 and related amendments and a new lease entered into on January 1, 2019 of $5.6 million.

On August 1, 2019 there was a lease re-measurement of $3.0 million.

Weighted-average remaining lease term and discount rate for our operating leases is as follows:

	Three Months Ended September 30, 2019
Weighted-average remaining lease term	5.75 years
Weighted-average discount rate	14.34%

Maturities of lease liabilities by fiscal year for our operating leases as of September 30, 2019 are as follows:

Year ending December 31,	
2019 (excluding the nine months ended September 30, 2019)	$ 3,828
2020	14,452
2021	11,804
2022	9,344
2023	6,997
2024	3,980
Thereafter	15,924
Total lease payments	66,329
Less: imputed interest	(21,298)
Present value of lease liabilities	$ 45,031

As of December 31, 2018, minimum lease payments under non-cancelable operating leases by period were expected to be as follows:

2019	$ 16,939
2020	14,183
2021	10,708
2022	8,180
2023	5,811
Thereafter	17,610
	$ 73,431

5. GOODWILL AND LONG-LIVED ASSETS

The Company reviews long-lived assets for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. There were no long-lived asset impairments during the nine months ended September 30, 2019 and 2018.

The Company reviews goodwill and intangible assets for impairment when indicators of impairment exist. Annually, or more frequently if necessary, the Company evaluates goodwill and intangible assets with indefinite lives for impairment, with any resulting impairment reflected as an operating expense. The Company concluded that, as of September 30, 2019 and 2018, there were no indicators of potential impairment and, accordingly, the Company did not test goodwill for impairment.

The carrying amount of goodwill at September 30, 2019 and 2018 is as follows:

	Gross Goodwill Balance	Accumulated Impairment Losses	Net Goodwill Balance
Balance as of January 1, 2019	$ 117,176	$ (102,640)	$ 14,536
Adjustments	-	-	-
Balance as of September 30, 2019	$ 117,176	$ (102,640)	$ 14,536

	Gross Goodwill Balance	Accumulated Impairment Losses	Net Goodwill Balance
Balance as of January 1, 2018	$ 117,176	$ (102,640)	$ 14,536
Adjustments	-	-	-
Balance as of September 30, 2018	$ 117,176	$ (102,640)	$ 14,536

As of September 30, 2019 and 2018, the goodwill balance is related to the Transportation and Skilled Trades segment.

6. LONG-TERM DEBT

Long-term debt consists of the following:

	September 30, 2019	December 31, 2018
Credit agreement and term loan	$ 27,133	$ 49,301
Auto loan	46	-
Deferred financing fees	(277)	(532)
	26,902	48,769
Less current maturities	(7,117)	(15,000)
	$ 19,785	$ 33,769

On March 31, 2017, the Company obtained a secured credit facility (the "Credit Facility") from Sterling National Bank (the "Bank") pursuant to a Credit Agreement dated March 31, 2017 among the Company, the Company's subsidiaries and the Bank, which was subsequently amended on November 29, 2017, February 23, 2018, July 11, 2018 and, most recently, on March 6, 2019 (as amended, the "Credit Agreement"). Prior to the most recent amendment of the Credit Agreement (the "Fourth Amendment"), the financial accommodations available to the Company under the Credit Agreement consisted of (a) a $25 million revolving loan facility designated as "Facility 1", (b) a $25 million revolving loan facility (including a sublimit amount for letters of credit of $10 million) designated as "Facility 2" and (c) a $15 million revolving credit loan designated as "Facility 3".

Pursuant to the terms of the Fourth Amendment and upon its effectiveness, Facility 1 was converted into a term loan (the "Term Loan") in the original principal amount of $22.7 million (such amount being the entire unpaid principal and accrued interest outstanding under Facility 1 as of the effective date of the Fourth Amendment), which matures on March 31, 2024 (the "Term Loan Maturity Date"). The Term Loan is being repaid in monthly installments as follows: (a) on April 1, 2019 and on the same day of each month thereafter through and including June 30, 2019, accrued interest only; (b) on July 1, 2019 and on the same day of each month thereafter through and including December 31, 2019, the principal amount of $0.2 million plus accrued interest; (c) on January 1, 2020 and on the same day of each month thereafter through and including June 30, 2020, accrued interest only; (d) on July 1, 2020 and on the same day of each month thereafter through and including December 31, 2020, the principal amount of $0.6 million plus accrued interest; (e) on January 1, 2021 and on the same day of each month thereafter through and including June 30, 2021, accrued interest only; (f) on July 1, 2021 and on the same day of each month thereafter through and including December 31, 2021, the principal amount of $0.4 million plus accrued interest; (g) on January 1, 2022 and on the same day of each month thereafter through and including June 30, 2022, accrued interest only; (h) on July 1, 2022 and on the same day of each month thereafter through and including December 31, 2022, the principal amount of $0.4 million plus accrued interest; (i) on January 1, 2023 and on the same day of each month thereafter through and including June 30, 2023, accrued interest only; (j) on July 1, 2023 and on the same day of each month thereafter through and including December 31, 2023, the principal amount of $0.4 million plus accrued interest; (k) on January 1, 2024 and on the same day of each month thereafter through and including the Term Loan Maturity Date, accrued interest only; and (l) on the Term Loan Maturity Date, the remaining outstanding principal amount of the Term Loan, together with accrued interest, will be due and payable. In the event of a sale of any campus, school or business permitted under the Credit Agreement, 25% of the net proceeds of any such sale must be used to pay down the outstanding principal amount of the Term Loan in inverse order of maturity.

The maturity date of Facility 2 is April 30, 2020. Facility 3 matured on May 31, 2019, unused, and is no longer available for borrowing.

Under the terms of the Credit Agreement, all draws under Facility 2 for letters of credit or revolving loans must be secured by cash collateral in an amount equal to 100% of the aggregate stated amount of the letters of credit issued and revolving loans outstanding through the proceeds of the Term Loan or other available cash of the Company. Notwithstanding such requirement, pursuant to the terms of the Fourth Amendment, a $2.5 million revolving loan was advanced under Facility 2 at the closing of the Fourth Amendment on March 6, 2019 and an additional $1.25 million on both April 17, 2019 and July 26, 2019, respectively, without any requirement for cash collateral. The $5 million in revolving loans advanced under Facility 2 was repaid on November 1, 2019, as required by the Credit Agreement, and, prior to their repayment, the Company made monthly payments of accrued interest only on such revolving loans.

The Term Loan bears interest at a rate per annum equal to the greater of (x) the Bank's prime rate plus 2.85% and (y) 6.00%. Revolving loans advanced under Facility 2 that are cash collateralized will bear interest at a rate per annum equal to the greater of (x) the Bank's prime rate and (y) 3.50%. Pursuant to the Fourth Amendment, revolving loans advanced under Facility 2 that are not secured by cash collateral will bear interest at a rate per annum equal to the greater of (x) the Bank's prime rate plus 2.85% and (y) 6.00%.

The Bank is entitled to receive an unused facility fee on the average daily unused balance of Facility 2 at a rate per annum equal to 0.50%, which fee is payable quarterly in arrears.

In the event the Bank's prime rate is greater than or equal to 6.50% while any loans are outstanding, the Company may be required to enter into a hedging contract in form and content satisfactory to the Bank.

The Company is required to give the Bank the first opportunity to provide any and all traditional banking services required by the Company, including, but not limited to, treasury management, loans and other financing services, on terms mutually acceptable to the Company and the Bank, in accordance with the terms set forth in the Fourth Amendment. In the event that loans provided under the Credit Agreement are repaid through replacement financing, the Company must pay to the Bank an exit fee in an amount equal to 1.25% of the total amount repaid and the face amount of all letters of credit replaced in connection with the replacement financing; provided, however, that no exit fee will be required in the event the Bank or the Bank's affiliate arranges or provides the replacement financing or the payoff of the applicable loans occurs after March 5, 2021.

In connection with the effectiveness of the Fourth Amendment, the Company paid to the Bank a one-time modification fee in the amount of $50,000.

Pursuant to the Credit Agreement, in December 2018, the net proceeds of the sale of the Mangonia Park Property, which were held in a non-interest bearing cash collateral account at and by the Bank as additional collateral for the loans outstanding under the Credit Agreement, were applied to the outstanding principal balance of revolving loans outstanding under Facility 1 and, as a result of such repayment, the loan availability under Facility 1 was permanently reduced to a $22.7 million term loan.

The Credit Facility is secured by a first priority lien in favor of the Bank on substantially all of the personal property owned by the Company and mortgages on four parcels of real property owned by the Company in Colorado, Tennessee and Texas, at which three of the Company's schools are located, as well as a former school property owned by the Company located in Connecticut.

Each issuance of a letter of credit under Facility 2 will require the payment of a letter of credit fee to the Bank equal to a rate per annum of 1.75% on the daily amount available to be drawn under the letter of credit, which fee shall be payable in quarterly installments in arrears. Letters of credit that were outstanding under a $9.5 million letter of credit facility previously provided to the Company by the Bank, which letter of credit facility was set to mature on April 1, 2017, are treated as letters of credit under Facility 2.

The terms of the Credit Agreement require the Company to maintain, on deposit in one or more non-interest bearing accounts, a minimum of $5 million in quarterly average aggregate balances, which, if not maintained, results in a fee of $12,500 payable to the Bank for that quarter.

In addition to the foregoing, the Credit Agreement contains customary representations and warranties, affirmative and negative covenants and events of default customary for facilities of this type. As of September 30, 2019, the Company is in compliance with all covenants, including financial covenants that (i) restrict capital expenditures tested on a fiscal year end basis; (ii) prohibit the incurrence of a net loss commencing on December 31, 2019; and (iii) require a minimum adjusted EBITDA tested quarterly on a rolling twelve month basis. The Fourth Amendment (i) modifies the minimum adjusted EBITDA required; (ii) eliminates the requirement for a minimum funded debt to adjusted EBITDA ratio; and (iii) requires the maintenance of a maximum funded debt to adjusted EBITDA ratio tested quarterly on a rolling twelve month basis.

As of September 30, 2019, the Company had $27.1 million outstanding under the Credit Facility; offset by $0.3 million of deferred finance fees. As of December 31, 2018, the Company had $49.3 million outstanding under the Credit Facility, offset by $0.5 million of deferred finance fees, which were written-off. As of September 30, 2019 and December 31, 2018, letters of credit in the aggregate outstanding principal amount of $4.0 million and $1.8 million, respectively, were outstanding under the Credit Facility.

Subsequent to the end of the fiscal quarter ended September 30, 2019, on November 14, 2019, the Credit Facility was replaced by a new $60 million credit facility between the Company and the Bank. See Part II, Item 5 Other Information for details regarding the replacement credit facility.

Scheduled maturities of long-term debt including the short-term portion at September 30, 2019 are as follows:

Year ending December 31,	
2019 (excluding the nine months ended September 30, 2019)	$ 5,567
2020	3,451
2021	2,270
2022	2,270
2023	2,270
Thereafter	11,351
	$ 27,179

7. STOCKHOLDERS' EQUITY

Restricted Stock

The Company has two stock incentive plans: a Long-Term Incentive Plan (the "LTIP") and a Non-Employee Directors Restricted Stock Plan (the "Non-Employee Directors Plan").

Under the LTIP, certain employees receive awards of restricted shares of common stock based on service and performance. The number of shares granted to each employee is based on the amount of the award and the fair market value of a share of common stock on the date of grant.

On February 28, 2019, restricted shares were granted to certain employees of the Company, which shares ratably vest over three years. There is no restriction on the right to vote or the right to receive dividends with respect to any of such restricted shares.

Pursuant to the Non-Employee Directors Plan, each non-employee director of the Company receives an annual award of restricted shares of common stock on the date of the Company's annual meeting of shareholders. The number of shares granted to each non-employee director is based on the fair market value of a share of common stock on that date. The restricted shares vest on the first anniversary of the grant date. There is no restriction on the right to vote or the right to receive dividends with respect to any of such restricted shares.

For the nine months ended September 30, 2019 and 2018, the Company completed a net share settlement for 5,518 and 207,642 restricted shares, respectively, on behalf of certain employees that participate in the LTIP upon the vesting of the restricted shares pursuant to the terms of the LTIP. The net share settlement was in connection with income taxes incurred on restricted shares that vested and were transferred to the employees during 2019 and/or 2018, creating taxable income for the employees. At the employees' request, the Company will pay these taxes on behalf of the employees in exchange for the employees returning an equivalent value of restricted shares to the Company. These transactions resulted in a decrease of less than $0.1 million and $0.4 million for each of the nine months ended September 30, 2019 and 2018, respectively, to equity on the condensed consolidated balance sheets as the cash payment of the taxes effectively was a repurchase of the restricted shares granted in previous years.

The following is a summary of transactions pertaining to restricted stock:

	Shares	Weighted Average Grant Date Fair Value Per Share
Nonvested restricted stock outstanding at December 31, 2018	35,908	$ 2.23
Granted	598,982	3.15
Canceled	(3,546)	3.17
Vested	(35,908)	2.23
Nonvested restricted stock outstanding at September 30, 2019	595,436	3.15

The restricted stock expense for each of the three months ended September 30, 2019 and 2018 was $0.2 million and $0.1 million, respectively. The restricted stock expense for each of the nine months ended September 30, 2019 and 2018 was $0.5 million and $0.5 million, respectively. The unrecognized restricted stock expense as of September 30, 2019 and December 31, 2018 was $1.4 million and $0.1 million, respectively. As of September 30, 2019, outstanding restricted shares under the LTIP had aggregate intrinsic value of $1.2 million.

Stock Options

The fair value of the stock options used to compute stock-based compensation is the estimated present value at the date of grant using the Black-Scholes option pricing model. The following is a summary of transactions pertaining to stock options:

	Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2018	139,000	$ 12.14	2.53 years	$ -
Canceled	(6,000)	20.62	-	
Granted/Vested	-	-		-
Outstanding at September 30, 2019	133,000	11.76	1.83 years	-
Vested as of September 30, 2019	133,000	11.76	1.83 years	-
Exercisable as of September 30, 2019	133,000	11.76	1.83 years	-

As of September 30, 2019, there was no unrecognized pre-tax compensation expense.

The following table presents a summary of stock options outstanding:

	At September 30, 2019				
	Stock Options Outstanding			Stock Options Exercisable	
Range of Exercise Prices	Shares	Contractual Weighted Average Life (years)	Weighted Average Price	Shares	Weighted Average Exercise Price
$ 4.00-$13.99	91,000	2.42	$ 7.79	91,000	$ 7.79
$ 14.00-$19.99	17,000	0.09	19.98	17,000	19.98
$ 20.00-$25.00	25,000	0.85	20.62	25,000	20.62
	133,000	1.83	11.76	133,000	11.76

8. INCOME TAXES

The provision for income taxes for the three months ended September 30, 2019 and 2018 was $0.1 million, or 3.6% of pretax income, and less than $0.1 million, or 9.1% of pretax loss, respectively. The provision for income taxes for the nine months ended September 30, 2019 and 2018 was $0.2 million, or 3.5% of pretax loss, and $0.2 million, or 1.3% of pretax loss, respectively.

The Company assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to recover the existing deferred tax assets. In this regard, a significant objective negative evidence was the cumulative losses incurred by the Company in recent years. On the basis of this evaluation, the realization of the Company's deferred tax assets was not deemed to be more likely than not and, thus, the Company maintained a full valuation allowance on its net deferred tax assets as of September 30, 2019 except deferred tax liability related to indefinite lived intangibles for which, the valuation allowance was reduced by $0.1 million and a corresponding deferred tax expense was recognized as of September 30, 2019.

9. CONTINGENCIES

In the ordinary conduct of its business, the Company is subject to certain lawsuits, investigations and claims, including, but not limited to, claims involving students or graduates and routine employment matters. Although the Company cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against it, the Company does not believe that any currently pending legal proceedings to which it is a party will have a material adverse effect on the Company's business, financial condition, and results of operations or cash flows.

Information regarding certain specific legal proceedings in which the Company is involved is contained in Part II, Item 1, and in Note 9 to the notes to the condensed consolidated financial statements included in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019. Unless otherwise indicated in this report, all proceedings discussed in the earlier report which are not indicated therein as having been concluded, remain outstanding as of September 30, 2019.

As previously reported, on July 6, 2018, the Company received an administrative subpoena from the Office of the Attorney General of the State of New Jersey ("NJ OAG"). Pursuant to the subpoena, the NJ OAG requested certain documents and detailed information relating to the November 21, 2012 Civil Investigative Demand letter addressed to the Company by the Massachusetts Office of the Attorney General ("MOAG") that resulted in a previously reported Final Judgment by Consent between the Company and the MOAG dated July 13, 2015. The Company responded to this request and, by letter dated April 11, 2019, the NJ OAG issued a supplemental subpoena requesting additional information for the time period from April 11, 2014 to the present. The Company submitted its response to the supplemental subpoena. Subsequently, by email dated August 20, 2019, the NJ OAG requested additional records of the Company from the years 2012 and 2013. The Company has responded to the NJ OAG's most recent record request and is continuing to cooperate with the NJ OAG.

10. SEGMENTS

The for-profit education industry has been impacted by numerous regulatory changes, a changing economy and an onslaught of negative media attention. As a result of these challenges, student populations have declined and operating costs have increased. Over the past few years, the Company has closed over ten locations and exited its online business.

In August 2018, the Company decided to cease operations, effective December 31, 2018, of its Lincoln College of New England ("LCNE") campus at Southington, Connecticut. The Company completed the teach-out and exited the LCNE campus on December 31, 2018. LCNE results, which was previously reported in the HOPS segment, is now included in the Transitional segment for all periods presented.

In the past, we offered any combination of programs at any campus. We have shifted our focus to program offerings that create greater differentiation among campuses and promote attainment of excellence to attract more students and gain market share. Also, strategically, we began offering continuing education training to select employers who hire our graduates and this is best achieved at campuses focused on the applicable profession.

As a result of the regulatory environment, market forces and our strategic decisions, we now operate our business in three reportable segments: (a) the Transportation and Skilled Trades segment; (b) the Healthcare and Other Professions segment; and (c) the Transitional segment. Our reportable segments have been determined based on a method by which we now evaluate performance and allocate resources. Each reportable segment represents a group of post-secondary education providers that offer a variety of degree and non-degree academic programs. These segments are organized by key market segments to enhance operational alignment within each segment to more effectively execute our strategic plan. Each of the Company's schools is a reporting unit and an operating segment. Our operating segments are described below.

Transportation and Skilled Trades – The Transportation and Skilled Trades segment offers academic programs mainly in the career-oriented disciplines of transportation and skilled trades (e.g. automotive, diesel, HVAC, welding and manufacturing).

Healthcare and Other Professions – The Healthcare and Other Professions segment offers academic programs in the career-oriented disciplines of health sciences, hospitality and business and information technology (e.g. dental assistant, medical assistant, practical nursing, culinary arts and cosmetology).

Transitional – The Transitional segment refers to campuses that are being taught-out and closed and operations that are being phased out. The schools in the Transitional segment employ a gradual teach-out process that enables the schools to continue to operate to allow their current students to complete their course of study. These schools are no longer enrolling new students.

The Company continually evaluates each campus for profitability, earning potential, and customer satisfaction. This evaluation takes several factors into consideration, including the campus's geographic location and program offerings, as well as skillsets required of our students by their potential employers. The purpose of this evaluation is to ensure that our programs provide our students with the best possible opportunity to succeed in the marketplace with the goals of attracting more students to our programs and, ultimately, to provide our shareholders with the maximum return on their investment. Campuses in the Transitional segment have been subject to this process and have been strategically identified for closure.

We evaluate segment performance based on operating results. Adjustments to reconcile segment results to consolidated results are included under the caption "Corporate," which primarily includes unallocated corporate activity.

Summary financial information by reporting segment is as follows:

	For the Three Months Ended September 30,					
	Revenue				Operating Income (Loss)	
	2019	% of Total	2018	% of Total	2019	2018
Transportation and Skilled Trades	$ 52,652	72.5%	$ 51,008	72.8%	$ 6,752	$ 6,330
Healthcare and Other Professions	19,942	27.5%	18,249	26.0%	1,403	830
Transitional	-	0.0%	821	1.2%	-	(1,863)
Corporate	-	0.0%	-	0.0%	(6,012)	(5,221)
Total	$ 72,594	100.0%	$ 70,078	100.0%	$ 2,143	$ 76

	For the Nine Months Ended September 30,					
	Revenue				Operating Income (Loss)	
	2019	% of Total	2018	% of Total	2019	2018
Transportation and Skilled Trades	$ 141,005	70.7%	$ 135,838	70.4%	$ 11,051	$ 8,747
Healthcare and Other Professions	58,422	29.3%	52,554	27.2%	4,214	2,747
Transitional	-	0.0%	4,695	2.4%	-	(2,899)
Corporate	-	0.0%	-	0.0%	(20,079)	(18,305)
Total	$ 199,427	100.0%	$ 193,087	100.0%	$ (4,814)	$ (9,710)

	Total Assets	
	September 30, 2019	December 31, 2018
Transportation and Skilled Trades	$ 111,132	$ 92,070
Healthcare and Other Professions	27,926	14,078
Transitional	-	527
Corporate	22,679	39,363
Total	$ 161,737	$ 146,038

11. FAIR VALUE

The carrying amount and estimated fair value of the Company's financial instrument assets and liabilities, which are not measured at fair value on the Condensed Consolidated Balance Sheet, are listed in the table below:

	September 30, 2019				
	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial Assets:					
Cash and cash equivalents	$ 11,757	$ 11,757	$ -	$ -	$ 11,757
Restricted cash	3,997	3,997	-	-	3,997
Prepaid expenses and other current assets	4,257	-	4,257	-	4,257
Financial Liabilities:					
Accrued expenses	$ 9,523	$ -	$ 9,523	$ -	$ 9,523
Other short term liabilities	595	-	595	-	595
Credit facility and term loan	26,902	-	20,182	-	20,182

We estimate the fair value of the Credit Facility based on a present value analysis utilizing aggregate market yields obtained from independent pricing sources for similar financial instruments.

The carrying amounts reported on the Consolidated Balance Sheets for Cash and cash equivalents, Restricted cash and Noncurrent restricted cash approximate fair value because they are highly liquid.

The carrying amounts reported on the Consolidated Balance Sheets for Prepaid expenses and other current assets, Accrued expenses and Other short term liabilities approximate fair value due to the short-term nature of these items.

12. SUBSEQUENT EVENTS

(a) Sale of Series A Convertible Preferred Stock.
On November 14, 2019, the Company raised gross proceeds of $12,700,000 from the sale of 12,700 shares of its newly-designated Series A Convertible Preferred Stock, no par value per share. See Part II, Item 5 Other Information "Sale of Series A Convertible Preferred Stock" for a description of the transaction and the rights of the Series A Preferred Stock and the holders thereof.

(b) Replacement Credit Facility with Sterling National Bank
On November 14, 2019, the Company entered into a new senior secured credit agreement with its lender, Sterling National Bank.
See Part II, Item 5 Other Information "$60 Million Credit Facility with Sterling National Bank" for a description of the new credit facility.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

All references in this Quarterly Report to "we," "our," "us" and the "Company," refer to Lincoln Educational Services Corporation and its subsidiaries unless the context indicates otherwise.

The following discussion may contain forward-looking statements regarding the Company, our business, prospects and our results of operations that are subject to certain risks and uncertainties posed by many factors and events that could cause our actual business, prospects and results of operations to differ materially from those that may be anticipated by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those described in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the Securities and Exchange Commission (the "SEC") and in our other filings with the SEC. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. We undertake no obligation to revise any forward-looking statements in order to reflect events or circumstances that may subsequently arise. Readers are urged to carefully review and consider the various disclosures made by us in this Quarterly Report and in our other reports filed with the SEC that advise interested parties of the risks and factors that may affect our business.

The interim financial statements and related notes thereto appearing elsewhere in this Quarterly Report on Form 10-Q and the discussions contained herein should be read in conjunction with the annual financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the SEC, which includes audited consolidated financial statements for our three fiscal years ended December 31, 2018.

General

The Company provides diversified career-oriented post-secondary education to recent high school graduates and working adults. The Company offers programs in automotive technology, skilled trades (which include HVAC, welding and computerized numerical control and electrical and electronic systems technology, among other programs), healthcare services (which include nursing, dental assistant and medical administrative assistant, among other programs), hospitality services (which include culinary, therapeutic massage, cosmetology and aesthetics) and information technology programs. The schools, currently consisting of 22 schools in 14 states, operate under Lincoln Technical Institute, Lincoln College of Technology, Lincoln Culinary Institute, and Euphoria Institute of Beauty Arts and Sciences and associated brand names. Most of the campuses serve major metropolitan markets and each typically offers courses in multiple areas of study. Five of the campuses are destination schools, which attract students from across the United States and, in some cases, from abroad. The Company's other campuses primarily attract students from their local communities and surrounding areas. All of the campuses are nationally or regionally accredited and are eligible to participate in federal financial aid programs by the U.S. Department of Education (the "DOE") and applicable state education agencies and accrediting commissions, which allow students to apply for and access federal student loans as well as other forms of financial aid.

Our business is organized into three reportable business segments: (a) Transportation and Skilled Trades, (b) Healthcare and Other Professions or "HOPS", and (c) Transitional, which refers to businesses that have been taught out.

In August 2018, the Company's wholly-owned subsidiary, New England Institute of Technology at Palm Beach, Inc. ("NEIT"), sold to Elite Property Enterprise, LLC real property owned by NEIT located at 1126 53rd Court North, Mangonia Park, Palm Beach County, Florida and the improvements and certain personal property located thereon (the "Mangonia Park Property"), for a cash purchase price of $2,550,000. At closing, NEIT paid a real estate brokerage fee equal to 5% of the gross sales price and other customary closing costs and expenses. Pursuant to the provisions of the Company's credit facility with its lender, Sterling National Bank, the net cash proceeds of the sale of the Mangonia Park Property were deposited into an account with the lender to serve as additional security for loans and other financial accommodations provided to the Company and its subsidiaries under the credit facility. In December 2018, the funds were used to repay the outstanding principal balance of the loans outstanding under the credit facility and such repayment permanently reduced the revolving loan availability under the credit facility designated as Facility 1 under the Company's Credit Agreement to $22.7 million.

Effective December 31, 2018, the Company completed the teach-out and ceased operation of its Lincoln College of New England ("LCNE") campus at Southington, Connecticut. The decision to close the LCNE campus followed the previously reported placement of LCNE on probation by the college's institutional accreditor, the New England Association of Schools and Colleges ("NEASC"). After evaluating alternative options, the Company concluded that teaching out and closing the campus was in the best interest of the Company and its students. Subsequent to formalizing the LCNE closure decision in August 2018, the Company partnered with Goodwin College, another NEASC- accredited institution in the region, to assist LCNE students to complete their programs of study. The majority of the LCNE students will continue their education at Goodwin College thereby limiting some of the Company's closing costs. The Company recorded net costs associated with the closure of the LCNE campus in 2018 of approximately $4.3 million, including (i) $1.6 million in connection with the termination of the LCNE campus lease, which is the net present value of the remaining obligation, to be paid in equal monthly installments through January 2020, (ii) approximately $700,000 of severance payments and (iii) $2.0 million of additional operating losses related to no longer enrolling additional students during 2018. LCNE results, previously reported in the HOPS segment, were included in the Transitional segment as of December 31, 2018.

As of September 30, 2019, we had 12,015 students enrolled at 22 campuses in our programs.

Recent Developments

Subsequent to the end of the fiscal quarter ended September 30, 2019, on November 14, 2019,the Company raised $12,700,000 from the sale of 12,700 shares of its Series A Convertible Preferred Stock, no par value per share (the "Series A Preferred Stock"), authorized by its Board of Directors. The Series A Preferred Stock was sold by the Company pursuant to a Securities Purchase Agreement dated as of November 14, 2019 among the Company, Juniper Targeted Opportunity Fund, L.P. and Junior Targeted Opportunities, L.P. (together, "Juniper") another investor party thereto (such investor, together with Juniper, the "Investors"). The proceeds of the sale net of transaction expenses will be used for working capital or other general corporate purposes. See the discussion of the Securities Purchase Agreement, the Series A Preferred Stock and the Registration Rights Agreement under the heading Part II. Item 5. Other Information "Sales of Series A Convertible Preferred Stock".

Subsequent to the end of the fiscal quarter ended September 30, 2019, on November 14, 2019, the Company entered into a new $60 million credit facility with Sterling National Bank, which replaced the existing credit facility between the Company and Sterling National Bank. Additional information regarding the terms of this replacement credit facility is included under the heading in Part II, Item 5. Other Information "$60 Million Credit Facility with Sterling National Bank".

Critical Accounting Policies and Estimates

For a description of our critical accounting policies and estimates, refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates" and Note 1 to the consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 and Note 1 to the consolidated financial statements included in this Form 10-Q for the quarter ended September 30, 2019.

Effect of Inflation

Inflation has not had a material effect on our operations.

Results of Continuing Operations for the Three and Nine Months Ended September 30, 2019

The following table sets forth selected consolidated statements of continuing operations data as a percentage of revenues for each of the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenue	100.0%	100.0%	100.0%	100.0%
Costs and expenses:				
Educational services and facilities	45.7%	49.4%	46.6%	49.3%
Selling, general and administrative	51.6%	56.4%	55.9%	58.5%
(Gain) loss on sale of assets	-0.3%	0.0%	-0.1%	0.1%
Total costs and expenses	97.0%	105.8%	102.4%	107.9%
Operating gain (loss)	3.0%	-5.8%	-2.4%	-7.9%
Interest expense, net	-1.1%	-0.8%	-1.1%	-0.9%
Loss from operations before income taxes	1.9%	-6.6%	-3.5%	-8.8%
Provision for income taxes	0.0%	0.1%	0.1%	0.1%
Net Loss	1.9%	-6.7%	-3.6%	-8.9%

Three Months Ended September 30, 2019 Compared to Three Months Ended September 30, 2018

Consolidated Results of Operations

Revenue. Revenue increased by $2.5 million, or 3.6%, to $72.6 million for the three months ended September 30, 2019 from $70.1 million in the prior year comparable period. Excluding the Transitional segment, which had revenue of zero and $0.8 million for the three months ended September 30, 2019 and 2018 respectively, revenue increased by $3.3 million, or 4.8%. The increase in revenue is due to a 3.3% increase in average student population, which is attributed to the Company's consistent student start growth over the last two years.

Total student starts increased by 2.7% for the three months ended September 30, 2019 as compared to the prior year comparable period. Excluding the Transitional segment student starts increased 3.4% quarter over quarter.

For a general discussion of trends in our student enrollment, see "Seasonality and Outlook" below.

Educational services and facilities expense. Our educational services and facilities expense decreased by $0.3 million, or 0.8%, to $33.2 million for the three months ended September 30, 2019 from $33.5 million in the prior year comparable period. Excluding the Transitional segment, which had expense of $1.2 million in the prior year quarter, educational services and facilities expenses increased $0.9 million. The increase was primarily the result of increases in instructional salaries and benefits expense and books and tools expense resulting from a larger student population quarter over quarter. Educational services and facilities expense, as a percentage of revenue, decreased to 45.7% for the three months ended September 30, 2019 from 49.4% in the prior year comparable period.

Selling, general and administrative expense. Our selling, general and administrative expense increased $1.4 million, or 3.8%, to $37.5 million for the three months ended September 30, 2019 from $36.1 million in the prior year comparable period. Excluding the Transitional segment, which had expenses of $1.5 million, selling, general and administrative expenses increased $2.9 million. This increase was primary driven by additional bad debt expense driven in part by a larger student population, in combination with a slight deterioration of historical repayment rates. Further contributing to increased costs were increases in salaries and benefits expense in addition to costs incurred in connection with the evaluation of strategic initiatives intended to increase shareholder value. No additional costs pertaining to these strategic initiatives will be incurred going forward.

Net interest expense. Net interest expense remained essentially flat at $0.7 million and $0.6 million for the three months ended September 30, 2019 and 2018, respectively.

Income taxes. Our provision for income taxes has remained essentially flat at less than $0.1 million for the three months ended September 30, 2019 and 2018 respectively.

No federal or state income tax benefit was recognized for the current period loss due to the recognition of a full valuation allowance. Minimal state income tax expenses were recognized during the quarter.

Nine Months Ended September 30, 2019 Compared to Nine Months Ended September 30, 2018

Consolidated Results of Operations

Revenue. Revenue increased by $6.3 million, or 3.3%, to $199.4 million for the nine months ended September 30, 2019 from $193.1 million in the prior year comparable period. Excluding the Transitional segment, which had revenue of zero and $4.7 million for the nine months ended September 30, 2019 and 2018 respectively, revenue increased by $11.0 million, or 5.9%. The increase in revenue is due to a 3.3% increase in average student population, which is attributed to the Company's consistent student start growth over the last two years.

Total student starts increased by 2.6% for the nine months ended September 30, 2019 as compared to the prior year comparable period. Excluding the Transitional segment student starts increased 4% year over year. We attribute this growth to our improved processes in marketing and admissions.

For a general discussion of trends in our student enrollment, see "Seasonality and Outlook" below.

Educational services and facilities expense. Our educational services and facilities expense decreased by $1.2 million, or 1.3%, to $92.9 million for the nine months ended September 30, 2019 from $94.2 million in the prior year comparable period. Excluding the Transitional segment, which had expense of $3.9 million in the prior year, educational services and facilities expenses increased $2.7 million. The increase was primarily the result of increases in instructional salaries and benefits expense and books and tools expense resulting from a larger student population year over year. Educational services and facilities expense, as a percentage of revenue, decreased to 46.6% for the three months ended September 30, 2019 from 49.3% in the prior year comparable period.

Selling, general and administrative expense. Our selling, general and administrative expense increased $3.4 million, or 3.2%, to $111.5 million for the nine months ended September 30, 2019 from $108.1 million in the prior year comparable period. Excluding the Transitional segment, which had expense of $3.7 million in the prior year, selling, general and administrative expenses increased $7.1 million. This increase was primary driven by additional bad debt expense driven in part by a larger student population, in combination with a slight deterioration of historical repayment rates. Further contributing to increased costs were investments made in sales and marketing expense expected to yield continued start growth over the next several quarters in addition to increases in salaries and benefits expense. Additional costs were incurred in connection with the evaluation of strategic initiatives intended to increase shareholder value. No additional costs pertaining to these strategic initiatives will be incurred going forward.

Net interest expense. Net interest expense increased $0.4 million, or 24.2%, to $2.1 million for the nine months ended September 30, 2019 from $1.7 million in the prior year comparable period. This increase in expense is a direct result of slight increases in both principal balance and interest rates in addition to the write-off of some non-cash deferred finance fees.

Income taxes. Our provision for income taxes has remained essentially flat at $0.2 million for the nine months ended September 30, 2019 and 2018 respectively

As of September 30, 2019, the full valuation allowance was reducedfor deferred tax liability related to indefinite lived intangibles by $0.1 million and $0.1 million of deferred tax expense was recognized. In addition, minimal state tax expenses were recognized for the nine months ended September 30, 2019.

As of September 30, 2019, $0.4 million of deferred tax asset for refundable AMT credits was reclassified to income tax receivable as we expect to receive the refund of these credits upon future corporate income tax return filings.

Segment Results of Operations

The for-profit education industry has been impacted by numerous regulatory changes, a changing economy and an onslaught of negative media attention. As a result of these challenges, student populations have declined and operating costs have increased. Over the past few years, the Company has closed over ten locations and exited its online business.

In the past, we offered any combination of programs at any campus. We have shifted our focus to program offerings that create greater differentiation among campuses and promote attainment of excellence to attract more students and gain market share. Also, strategically, we began offering continuing education training to select employers who hire our graduates and this is best achieved at campuses focused on the applicable profession.

As a result of the regulatory environment, market forces and our strategic decisions, we now operate our business in three reportable segments: (a) the Transportation and Skilled Trades segment; (b) the Healthcare and Other Professions segment; and (c) the Transitional segment. Our reportable segments have been determined based on a method by which we now evaluate performance and allocate resources. Each reportable segment represents a group of post-secondary education providers that offer a variety of degree and non-degree academic programs. These segments are organized by key market segments to enhance operational alignment within each segment to more effectively execute our strategic plan. Each of the Company's schools is a reporting unit and an operating segment. Our operating segments are described below.

Transportation and Skilled Trades – The Transportation and Skilled Trades segment offers academic programs mainly in the career-oriented disciplines of transportation and skilled trades (e.g. automotive, diesel, HVAC, welding and manufacturing).

Healthcare and Other Professions – The Healthcare and Other Professions segment offers academic programs in the career-oriented disciplines of health sciences, hospitality and business and information technology (e.g. dental assistant, medical assistant, practical nursing, culinary arts and cosmetology).

Transitional – The Transitional segment refers to campuses that are being taught-out and closed and operations that are being phased out. The schools in the Transitional segment employ a gradual teach-out process that enables the schools to continue to operate to allow their current students to complete their course of study. These schools are no longer enrolling new students.

The Company continually evaluates each campus for profitability, earning potential, and customer satisfaction. This evaluation takes several factors into consideration, including the campus's geographic location and program offerings, as well as skillsets required of our students by their potential employers. The purpose of this evaluation is to ensure that our programs provide our students with the best possible opportunity to succeed in the marketplace with the goals of attracting more students to our programs and, ultimately, to provide our shareholders with the maximum return on their investment. Campuses classified in the Transitional segment have been subject to this process and have been strategically identified for closure. As of September 30, 2019, no campuses have been categorized in the Transitional segment.

We evaluate segment performance based on operating results. Adjustments to reconcile segment results to consolidated results are included under the caption "Corporate," which primarily includes unallocated corporate activity.

The following table present results for our three reportable segments for the three months ended September 30, 2019 and 2018:

	Three Months Months Ended Sept 30,		
	2019	2018	% Change
Revenue:			
Transportation and Skilled Trades	$ 52,652	$ 51,008	3.2%
Healthcare and Other Professions	19,942	18,249	9.3%
Transitional	-	821	-100.0%
Total	$ 72,594	$ 70,078	3.6%
Operating Income (Loss):			
Transportation and Skilled Trades	$ 6,752	$ 6,330	6.7%
Healthcare and Other Professions	1,403	830	69.0%
Transitional	-	(1,863)	100.0%
Corporate	(6,012)	(5,221)	-15.2%
Total	$ 2,143	$ 76	2719.7%
Starts:			
Transportation and Skilled Trades	3,398	3,391	0.2%
Healthcare and Other Professions	1,381	1,232	12.1%
Transitional	-	30	-100.0%
Total	4,779	4,653	2.7%
Average Population:			
Transportation and Skilled Trades	7,635	7,453	2.4%
Healthcare and Other Professions	3,619	3,317	9.1%
Transitional	-	127	-100.0%
Total	11,254	10,897	3.3%
End of Period Population:			
Transportation and Skilled Trades	8,055	7,922	1.7%
Healthcare and Other Professions	3,960	3,637	8.9%
Transitional	-	173	-100.0%
Total	12,015	11,732	2.4%

Three Months Ended September 30, 2019 Compared to Three Months Ended September 30, 2018

Transportation and Skilled Trades

Student starts for the quarter increased slightly for the three months ended September 30, 2019 when compared to the prior year comparable period.

Operating income increased $0.4 million, to $6.8 million for the three months ended September 30, 2019 from $6.3 million in the prior year comparable period mainly due to the following factors:

- Revenue increased $1.6 million, or 3.2%, to $52.7 million for the three months ended September 30, 2019, as compared to $51.0 million in the prior year comparable period. The increase in revenue is due to a 2.4% increase in average student population quarter over quarter.
- Educational services and facilities expense increased $0.3 million, or 1.2% to $23.7 million for the three months ended September 30, 2019, as compared to $23.4 million in the prior year comparable period. The increase quarter over quarter is primarily due to a larger student population driving a $0.6 million increase in instructional expenses and books and tools expense. Partially offsetting the increases were cost savings of $0.3 million in facilities expense resulting from the successful negotiation of more favorable lease terms at one of our campuses.

- Selling, general and administrative expense increased $1.1 million, or 5.4%, to $22.4 million for the three months ended September 30, 2019, from $21.3 million in the prior year comparable period. Increased expenses were primarily the result of additional bad debt expense driven in part by a larger student population, in combination with a slight deterioration of historical repayment rates. Further contributing to the additional expense were increases in salaries and benefits.

Healthcare and Other Professions

Student starts increased by 12.1% for the three months ended September 30, 2019 when compared to the prior year comparable period.

Operating income increased by $0.6 million, to $1.4 million for the three months ended September 30, 2019 from $0.8 million in the prior year comparable period mainly due to the following factors:

- Revenue increased by $1.7 million, or 9.3%, to $19.9 million for the three months ended September 30, 2019, as compared to $18.3 million in the prior year comparable period. The increase in revenue was mainly due to a 9.1% increase in average student population, which is attributed to consistent start growth over the last two years.
- Educational services and facilities expense increased $0.6 million, or 7.1%, to $9.5 million for the three months ended September 30, 2019, from $8.9 million in the prior year comparable period. The increase in expense quarter over quarter was primarily due to additional instructional expense driven by a consistently growing student population.
- Selling, general and administrative expense increased by $0.5 million, or 5.7%, to $9 million for the three months ended September 30, 2019 from $8.6 million in the prior year comparable period. Increased expense was primarily the result of additional bad debt expense driven by a larger student population in combination with a slight deterioration of historical repayment rates.

Transitional

During the year ended December 31, 2018, one campus, the LCNE campus at Southington, Connecticut was categorized in the Transitional segment. This campus has been fully taught out of as of December 31, 2018 and financial information for this campus has been included in the Transitional segment for the period ending September 30, 2018. As of September 30, 2019, no campuses have been categorized in the Transitional segment.

Revenue was zero and $0.8 million for the three months ended September 30, 2019 and 2018 respectively. Operating loss was zero and $1.9 million for the three months ended September 30, 2019 and 2018, respectively.

Corporate and Other

This category includes unallocated expenses incurred on behalf of the entire Company. Corporate and other expenses were $6.0 million for the three months ended September 30, 2019 as compared to $5.2 million in the prior year comparable period. Additional expense was primarily the result of increases in salaries and benefits expense and costs incurred in connection with the evaluation of strategic initiatives intended to increase shareholder value. No additional costs pertaining to these strategic initiatives will be incurred going forward.

The following table present results for our three reportable segments for the nine months ended September 30, 2019 and 2018:

	Nine Months Ended September 30,		
	2019	2018	% Change
Revenue:			
Transportation and Skilled Trades	$ 141,005	$ 135,838	3.8%
Healthcare and Other Professions	58,422	52,554	11.2%
Transitional	-	4,695	-100.0%
Total	$ 199,427	$ 193,087	3.3%
Operating Income (Loss):			
Transportation and Skilled Trades	$ 11,051	$ 8,747	26.3%
Healthcare and Other Professions	4,214	2,747	53.4%
Transitional	-	(2,899)	100.0%
Corporate	(20,079)	(18,305)	-9.7%
Total	$ (4,814)	$ (9,710)	50.4%
Starts:			
Transportation and Skilled Trades	7,247	7,156	1.3%
Healthcare and Other Professions	3,368	3,048	10.5%
Transitional	-	140	-100.0%
Total	10,615	10,344	2.6%
Average Population:			
Transportation and Skilled Trades	7,169	6,891	4.0%
Healthcare and Other Professions	3,581	3,245	10.4%
Transitional	-	269	-100.0%
Total	10,750	10,405	3.3%
End of Period Population:			
Transportation and Skilled Trades	8,055	7,922	1.7%
Healthcare and Other Professions	3,960	3,637	8.9%
Transitional	-	173	-100.0%
Total	12,015	11,732	2.4%

Nine Months Ended September 30, 2019 Compared to Nine Months Ended September 30, 2018

Transportation and Skilled Trades

Student starts increased approximately 1.3% for the nine months ended September 30, 2019 when compared to the prior year comparable period.

Operating income increased by $2.3 million, or 26.3%, to $11.1 million for the nine months ended September 30, 2019 from $8.8 million in the prior year comparable period mainly due to the following factors:

- Revenue increased by $5.2 million, or 3.8%, to $141 million for the nine months ended September 30, 2019, as compared to $135.8 million in the prior year comparable period. The increase in revenue is primarily due to a 4% increase in average student population year over year.
- Educational services and facilities expense increased $0.4 million, or 0.6% to $64.8 million for the nine months ended September 30, 2019, as compared to $64.4 million in the prior year comparable period. Increased costs are primarily due to $1.4 million of additional instructional expenses and books and tools expense resulting from a higher student population. Partially offsetting the increases were cost savings of $1.0 million in facilities expense resulting from the successful negotiation of more favorable lease terms at one of our campuses.

- Selling, general and administrative expense increased $2.7 million, or 4.3%, to $65.4 million for the nine months ended September 30, 2019, from $62.7 million in the prior year comparable period. Increased expenses were primarily the result of additional bad debt expense driven in part by a larger student population, in combination with a slight deterioration of historical repayment rates. Further contributing to the additional expense were increases in salaries and benefits expense and increased sales expense and marketing expense. Additional investment in sales expense and marketing expense are expected to yield continued start growth over the next several quarters.

Healthcare and Other Professions

Student starts increased 10.5% for the nine months ended September 30, 2019 when compared to the prior year comparable period.

Operating income increased by $1.5 million, or 53.4%, to $4.2 million for the nine months ended September 30, 2019 from $2.7 million in the prior year comparable period mainly due to the following factors:

- Revenue increased by $5.9 million, or 11.2%, to $58.4 million for the nine months ended September 30, 2019, as compared to $52.6 million in the prior year comparable period. The increase in revenue was mainly due to a 10.4% increase in average student population, which is attributed to consistent start growth over the last two years.
- Educational services and facilities expense increased $2.3 million, or 9%, to $28.2 million for the nine months ended September 30, 2019, from $25.9 million in the prior year comparable period. The increase in expense was primarily driven by additional instructional expense and books and tools expense due to a 10.4% increase in average student population year over year. Further contributing to the increased costs were increases in facilities expense.
- Selling, general and administrative expense increased by $2.1 million, or 8.7%, to $26.0 million for the nine months ended September 30, 2019 from $23.9 million in the prior year comparable period. Increases in expense were primarily the result of additional bad debt expense driven in part by a larger student population, in combination with a slight deterioration of historical repayment rates.

Transitional

During the year ended December 31, 2018, one campus, the LCNE campus at Southington, Connecticut was categorized in the Transitional segment. This campus has been fully taught out as of December 31, 2018 and financial information for this campus has been included in the Transitional segment for the period ending September 30, 2018. As of September 30, 2019, no campuses have been categorized in the Transitional segment.

Revenue was zero and $4.7 million for the nine months ended September 30, 2019 and 2018, respectively. Operating loss was zero and $2.9 million for the nine months ended September 30, 2019 and 2018, respectively.

Corporate and Other

This category includes unallocated expenses incurred on behalf of the entire Company. Corporate and other expenses were $20.1 million for the nine months ended September 30, 2019 as compared to $18.3 million in the prior year comparable period. Additional expense was primarily the result of increases in salaries and benefits expense and costs incurred in connection with the evaluation of strategic initiatives intended to increase shareholder value. No additional costs pertaining to these strategic initiatives will be incurred going forward.

LIQUIDITY AND CAPITAL RESOURCES

Our primary capital expenditures are for facilities expansion and maintenance, and the development of new programs. Our principal sources of liquidity have been cash provided by operating activities and borrowings under our credit facility. The following chart summarizes the principal elements of our cash flow for each of the nine months ended September 30, 2019 and 2018:

	Nine Months Ended September 30,	
	2019	2018
Net cash used in operating activities	$ (4,893)	$ (5,816)
Net cash used in investing activities	(3,061)	(1,869)
Net cash used in financing activities	(22,238)	(28,866)

As of September 30, 2019, the Company had a net debt balance of $11.4 million compared to a net debt balance of $3.4 million as of December 31, 2018. The decrease in cash position can mainly be attributed to the repayment of $27.2 million in borrowings under our line of credit facility; a net loss during the nine months ended September 30, 2019; and seasonality of the business. Management believes that the Company has adequate resources in place to execute its 2019 operating plan.

For the last several years, the Company and the proprietary school sector generally have faced deteriorating earnings growth. Government regulations have negatively impacted earnings by making it more difficult for prospective students to obtain loans, which when coupled with the overall economic environment have hindered prospective students from enrolling in our schools. In light of these factors, we have incurred significant operating losses as a result of lower student population. However, our financial and population results continue to improve as evidenced by our start growth for the last two years. As a result, we believe that our likely sources of cash should be sufficient to fund operations for the next twelve months and thereafter for the foreseeable future.

To fund our business plans, including any anticipated future losses, purchase commitments, capital expenditures and principal and interest payments on borrowings, we leveraged our owned real estate. We are also continuing to take actions to improve cash flow by aligning our cost structure to our student population, in addition to our current sources of capital that provide short term liquidity.

Our primary source of cash is tuition collected from our students. The majority of students enrolled at our schools rely on funds received under various government-sponsored student financial aid programs to pay a substantial portion of their tuition and other education-related expenses. The most significant source of student financing is Title IV Programs, which represented approximately 78% of our cash receipts relating to revenues in 2018. Pursuant to applicable regulations, students must apply for a new loan for each academic period. Federal regulations dictate the timing of disbursements of funds under Title IV Programs and loan funds are generally provided by lenders in two disbursements for each academic year. The first disbursement is usually received approximately 31 days after the start of a student's academic year and the second disbursement is typically received at the beginning of the sixteenth week from the start of the student's academic year. Certain types of grants and other funding are not subject to a 31-day delay. In certain instances, if a student withdraws from a program prior to a specified date, any paid but unearned tuition or prorated Title IV Program financial aid is refunded according to federal, state and accrediting agency standards.

As a result of the significant amount of Title IV Program funds received by our students, we are highly dependent on these funds to operate our business. Any reduction in the level of Title IV Program funds that our students are eligible to receive or any restriction on our eligibility to receive Title IV Program funds would have a significant impact on our operations and our financial condition. See "Risk Factors" in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

Operating Activities

Net cash used in operating activities was $4.9 million for the nine months ended September 30, 2019 compared to $5.8 million in the prior year comparable period. The decrease in cash used in operating activities for the nine months ended September 30, 2019 as compared to the nine months ended September 30, 2018 is primarily due to a decrease in operating losses and changes in working capital such as accounts receivable, accounts payable, accrued expenses and unearned tuition year over year.

Investing Activities

Net cash used in investing activities was $3.1 million for the nine months ended September 30, 2019 compared to $1.9 million in the prior year comparable period. The increase was primarily caused by proceeds received from the sale of the Mangonia Park Property in the prior year partially offset by reduced spending for capital expenditures.

One of our primary uses of cash in investing activities was capital expenditures associated with investments in training technology, classroom furniture, and new program buildouts.

We currently lease a majority of our campuses. We own our schools in Grand Prairie, Texas; Nashville, Tennessee; and Denver, Colorado and our property owned as part of a former school located in Suffield, Connecticut.

Capital expenditures are expected to approximate 2% of revenues in 2019. We expect to fund future capital expenditures with cash generated from operating activities, borrowings under our credit facility, and cash from our real estate monetization.

Financing Activities

Net cash used in financing activities was $22.2 million for the nine months ended September 30, 2019 as compared to $28.9 million in the prior year comparable period. The decrease of $6.7 million was primarily due to decreased net borrowings of $22.1 million for the nine months ended September 30, 2019 as compared to $28.4 million in the prior year comparable period.

Net payments on borrowings consisted of: (a) total borrowing to date under our secured credit facility of $5 million; and (b) $27.1 million in total repayments made by the Company.

March 31, 2017 Credit Agreement

On March 31, 2017, the Company obtained a secured credit facility (the "Credit Facility") from Sterling National Bank (the "Bank") pursuant to a Credit Agreement dated March 31, 2017 among the Company, the Company's subsidiaries and the Bank, which was subsequently amended on November 29, 2017, February 23, 2018, July 11, 2018 and, most recently, on March 6, 2019 (as amended, the "Credit Agreement"). Prior to the most recent amendment of the Credit Agreement (the "Fourth Amendment"), the financial accommodations available to the Company under the Credit Agreement consisted of (a) a $25 million revolving loan facility designated as "Facility 1", (b) a $25 million revolving loan facility (including a sublimit amount for letters of credit of $10 million) designated as "Facility 2" and (c) a $15 million revolving credit loan designated as "Facility 3".

Pursuant to the terms of the Fourth Amendment and upon its effectiveness, Facility 1 was converted into a term loan (the "Term Loan") in the original principal amount of $22.7 million (such amount being the entire unpaid principal and accrued interest outstanding under Facility 1 as of the effective date of the Fourth Amendment), which matures on March 31, 2024 (the "Term Loan Maturity Date"). The Term Loan is being repaid in monthly installments as follows: (a) on April 1, 2019 and on the same day of each month thereafter through and including June 30, 2019, accrued interest only; (b) on July 1, 2019 and on the same day of each month thereafter through and including December 31, 2019, the principal amount of $0.2 million plus accrued interest; (c) on January 1, 2020 and on the same day of each month thereafter through and including June 30, 2020, accrued interest only; (d) on July 1, 2020 and on the same day of each month thereafter through and including December 31, 2020, the principal amount of $0.6 million plus accrued interest; (e) on January 1, 2021 and on the same day of each month thereafter through and including June 30, 2021, accrued interest only; (f) on July 1, 2021 and on the same day of each month thereafter through and including December 31, 2021, the principal amount of $0.4 million plus accrued interest; (g) on January 1, 2022 and on the same day of each month thereafter through and including June 30, 2022, accrued interest only; (h) on July 1, 2022 and on the same day of each month thereafter through and including December 31, 2022, the principal amount of $0.4 million plus accrued interest; (i) on January 1, 2023 and on the same day of each month thereafter through and including June 30, 2023, accrued interest only; (j) on July 1, 2023 and on the same day of each month thereafter through and including December 31, 2023, the principal amount of $0.4 million plus accrued interest; (k) on January 1, 2024 and on the same day of each month thereafter through and including the Term Loan Maturity Date, accrued interest only; and (l) on the Term Loan Maturity Date, the remaining outstanding principal amount of the Term Loan, together with accrued interest, will be due and payable. In the event of a sale of any campus, school or business permitted under the Credit Agreement, 25% of the net proceeds of any such sale must be used to pay down the outstanding principal amount of the Term Loan in inverse order of maturity.

The maturity date of Facility 2 is April 30, 2020. Facility 3 matured on May 31, 2019, unused, and is no longer available for borrowing.

Under the terms of the Credit Agreement, all draws under Facility 2 for letters of credit or revolving loans must be secured by cash collateral in an amount equal to 100% of the aggregate stated amount of the letters of credit issued and revolving loans outstanding through the proceeds of the Term Loan or other available cash of the Company. Notwithstanding such requirement, pursuant to the terms of the Fourth Amendment, a $2.5 million revolving loan was advanced under Facility 2 at the closing of the Fourth Amendment on March 6, 2019 and an additional $1.25 million on both April 17, 2019 and July 26, 2019, respectively, without any requirement for cash collateral. The $5 million in revolving loans advanced under Facility 2 was repaid on November 1, 2019, as required by the Credit Agreement, and, prior to their repayment, the Company made monthly payments of accrued interest only on such revolving loans.

The Term Loan bears interest at a rate per annum equal to the greater of (x) the Bank's prime rate plus 2.85% and (y) 6.00%. Revolving loans advanced under Facility 2 that are cash collateralized will bear interest at a rate per annum equal to the greater of (x) the Bank's prime rate and (y) 3.50%. Pursuant to the Fourth Amendment, revolving loans advanced under Facility 2 that are not secured by cash collateral will bear interest at a rate per annum equal to the greater of (x) the Bank's prime rate plus 2.85% and (y) 6.00%.

The Bank is entitled to receive an unused facility fee on the average daily unused balance of Facility 2 at a rate per annum equal to 0.50%, which fee is payable quarterly in arrears.

In the event the Bank's prime rate is greater than or equal to 6.50% while any loans are outstanding, the Company may be required to enter into a hedging contract in form and content satisfactory to the Bank.

The Company is required to give the Bank the first opportunity to provide any and all traditional banking services required by the Company, including, but not limited to, treasury management, loans and other financing services, on terms mutually acceptable to the Company and the Bank, in accordance with the terms set forth in the Fourth Amendment. In the event that loans provided under the Credit Agreement are repaid through replacement financing, the Company must pay to the Bank an exit fee in an amount equal to 1.25% of the total amount repaid and the face amount of all letters of credit replaced in connection with the replacement financing; provided, however, that no exit fee will be required in the event the Bank or the Bank's affiliate arranges or provides the replacement financing or the payoff of the applicable loans occurs after March 5, 2021.

In connection with the effectiveness of the Fourth Amendment, the Company paid to the Bank a one-time modification fee in the amount of $50,000.

Pursuant to the Credit Agreement, in December 2018, the net proceeds of the sale of the Mangonia Park Property, which were held in a non-interest bearing cash collateral account at and by the Bank as additional collateral for the loans outstanding under the Credit Agreement, were applied to the outstanding principal balance of revolving loans outstanding under Facility 1 and, as a result of such repayment, the loan availability under Facility 1 was permanently reduced to a $22.7 million term loan.

The Credit Facility is secured by a first priority lien in favor of the Bank on substantially all of the personal property owned by the Company and mortgages on four parcels of real property owned by the Company in Colorado, Tennessee and Texas, at which three of the Company's schools are located, as well as a former school property owned by the Company located in Connecticut.

Each issuance of a letter of credit under Facility 2 will require the payment of a letter of credit fee to the Bank equal to a rate per annum of 1.75% on the daily amount available to be drawn under the letter of credit, which fee shall be payable in quarterly installments in arrears. Letters of credit totaling $6.2 million that were outstanding under a $9.5 million letter of credit facility previously provided to the Company by the Bank, which letter of credit facility was set to mature on April 1, 2017, are treated as letters of credit under Facility 2.

The terms of the Credit Agreement require the Company to maintain, on deposit in one or more non-interest bearing accounts, a minimum of $5 million in quarterly average aggregate balances, which, if not maintained, results in a fee of $12,500 payable to the Bank for that quarter.

In addition to the foregoing, the Credit Agreement contains customary representations, warranties and affirmative and negative covenants. The Credit Agreement also contains events of default customary for facilities of this type. As of September 30, 2019, the Company is in compliance with all covenants, including financial covenants that (i) restrict capital expenditures tested on a fiscal year end basis; (ii) prohibit the incurrence of a net loss commencing on December 31, 2019; and (iii) require a minimum adjusted EBITDA tested quarterly on a rolling twelve-month basis. The Fourth Amendment (i) modifies the minimum adjusted EBITDA required; (ii) eliminates the requirement for a minimum funded debt to adjusted EBITDA ratio; and (iii) requires the maintenance of a maximum funded debt to adjusted EBITDA ratio tested quarterly on a rolling twelve month basis.

As of September 30, 2019, the Company had $27.1 million outstanding under the Credit Facility; offset by $0.3 million of deferred finance fees. As of December 31, 2018, the Company had $49.3 million outstanding under the Credit Facility, offset by $0.5 million of deferred finance fees, which were written-off. As of September 30, 2019 and December 31, 2018, letters of credit in the aggregate outstanding principal amount of $4.0 million and $1.8 million, respectively, were outstanding under the Credit Facility.

The following table sets forth our long-term debt (in thousands):

	September 30, 2019	December 31, 2018
Credit agreement and term loan	$ 27,133	$ 49,301
Auto loan	46	-
Deferred financing fees	(277)	(532)
	26,902	48,769
Less current maturities	(7,117)	(15,000)
	$ 19,785	$ 33,769

As of September 30, 2019, we had outstanding loan commitments to our students of $71.5 million, as compared to $63.1 million at December 31, 2018.

Contractual Obligations

Long-term Debt. As of September 30, 2019, our current portion of long-term debt and our long-term debt consisted of borrowings under our Credit Facility and an auto loan.

Lease Commitments. We lease offices, educational facilities and equipment for varying periods through the year 2030 at base annual rentals (excluding taxes, insurance, and other expenses under certain leases).

The following table contains supplemental information regarding our total contractual obligations as of September 30, 2019 (in thousands):

	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Credit facility and term loan	$ 27,133	$ 7,270	$ 5,108	$ 14,755	$ -
Operating leases	66,349	14,982	22,467	13,290	15,610
Total contractual cash obligations	$ 93,482	$ 22,252	$ 27,575	$ 28,045	$ 15,610

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements as of September 30, 2019, except for surety bonds. As of September 30, 2019, we posted surety bonds in the total amount of approximately $12.7 million. Cash collateralized letters of credit of $4.0 million are primarily comprised of letters of credit for the DOE and security deposits in connection with certain of our real estate leases.

Seasonality and Outlook

Seasonality

Our revenue and operating results normally fluctuate as a result of seasonal variations in our business, principally due to changes in total student population. Student population varies as a result of new student enrollments, graduations and student attrition. Historically, our schools have had lower student populations in our first and second quarters and we have experienced larger class starts in the third quarter and higher student attrition in the first half of the year. Our second half growth is largely dependent on a successful high school recruiting season. We recruit our high school students several months ahead of their scheduled start dates and, thus, while we have visibility on the number of students who have expressed interest in attending our schools, we cannot predict with certainty the actual number of new student enrollments and the related impact on revenue. Our expenses, however, typically do not vary significantly over the course of the year with changes in our student population and revenue. During the first half of the year, we make significant investments in marketing, staff, programs and facilities to meet our second half of the year targets and, as a result, such expenses do not fluctuate significantly on a quarterly basis. To the extent new student enrollments, and related revenue, in the second half of the year fall short of our estimates, our operating results could be negatively impacted. We expect quarterly fluctuations in operating results to continue as a result of seasonal enrollment patterns. Such patterns may change as a result of new school openings, new program introductions, and increased enrollments of adult students and/or acquisitions.

Outlook

Our nation is a facing a skills gap caused by technological, demographic and policy changes. Technology is permeating every industry and job and necessitating retraining of the existing workforce in order to keep them productive and engaged. At the same time, the retirement of baby boomers in large numbers is forcing companies to look for replacement employees. Unfortunately, there are not enough new skilled employees to replace the retiring ones. A major reason for this shortfall is caused by the reduction of career education in many high schools starting in the 1980's as policy makers decided more students needed to attend college and resources and programs were steered in that direction. Consequently, today there are more job openings than qualified people to fill the jobs. This problem presents a great opportunity for our Company and one we proudly seek to remedy.

Traditionally, our enrollments decline in a low unemployment environment. However, for the last seven quarters, we have achieved growth despite declining unemployment levels. We attribute this growth to both better marketing of our high return on investment programs and a growing awareness that four year post-secondary degrees along with their high costs may not be the best option for everyone. By partnering with industry and increasing our advertising spend, we expect to continue to grow awareness of our schools and increase our enrollments as we seek to eliminate the skills gap. Employers are reaching out to us seeking to employ our graduates. Like the economy in general, we have more job requests from employers than graduates to fill them.

Furthermore, when the economy slows down, we expect that our enrollments will also increase as more people are displaced from the workforce and need to acquire skills to find employment.

Pending DOE Determination Letters

On October 11, 2019, the DOE issued a preliminary audit determination letter to our Columbia and Indianapolis institutions in connection with the annual Title IV compliance audit for each institution for the 2018 fiscal year. The DOE requested that each of the two institutions conduct a file review of all students from the 2018 fiscal year to identify if any additional unearned federal student aid funds must be returned by the institution. We are in the process of preparing the required file reviews for submission to the DOE. After the file reviews are submitted, the DOE is expected to issue a final audit determination for both institutions in which it would assess any liabilities and identify any other required actions or sanctions, if necessary. We have the right to appeal any asserted liabilities under an administrative appeal process within the DOE.

On October 9, 2019, the DOE issued a final audit determination letter in connection with Lincoln College of New England ("LCNE"), which closed on December 31, 2018. The DOE asserts $62,848 in liabilities related to the DOE's discharge of the Federal Direct loans of certain LCNE students. The DOE contends that students who are enrolled in an institution at the time of its closure or who withdrew from the institution within 120 days preceding its closure may qualify for a discharge of their Federal student loans if they are unable to complete their program because of the institution's closure. The DOE also contends that it has the authority to recover the cost of the closed school loan discharges from an institution and to impose additional liabilities if the DOE discharges loans for other LCNE students in the future. We have the right to appeal the liabilities under an administrative appeal process within the DOE.

The DOE may grant closed school loans discharges of Federal student loans based upon applications by qualified students. The DOE also may initiate discharges on its own for students who have not reenrolled in another Title IV eligible school within three years after the closure and who attended campuses that closed on or after November 1, 2013 as did some of our former campuses. If the DOE discharges some or all of these loans, the DOE may seek to recover the cost of the loan discharges from us. We have the right to appeal any asserted liabilities under an administrative appeal process within the DOE. We cannot predict the timing or amount of any loan discharges that the DOE may approve or the liabilities that the DOE may seek from us. We also cannot predict the timing or potential outcome of any administrative appeals of any such liabilities.

Borrower Defense to Repayment Regulations Update

The DOE published borrower defense to repayment regulations on November 1, 2016 ("2016 Final Regulations") with an effective date of July 1, 2017, but subsequently delayed the effective date of a majority of the regulations until July 1, 2019, to ensure there would be adequate time to conduct negotiated rulemaking and, as necessary, develop revised regulations. However, a federal court ruled that the delay in the effective date of the regulations was unlawful and, on October 16, 2018, denied a request to extend a stay preventing the regulations from taking effect. The regulations are described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 under the caption "Regulatory Environment – Borrower Defense to Repayment Regulations."

On March 15, 2019, the DOE published an electronic announcement with guidance regarding how the DOE is implementing the 2016 Final Regulations, including, among other things, the provisions regarding the processes for enabling borrowers to obtain from the DOE a discharge of some or all of their federal student loans based on circumstances involving the institution and for the DOE to impose and collect liabilities against the institution following the loan discharges, the prohibition on certain contractual provisions regarding arbitration, dispute resolution, and participation in class actions, and the requirement to submit certain arbitral and judicial records to the DOE in connection with certain proceedings concerning borrower defense claims. The DOE also stated that it would provide guidance at a later date about providing repayment warnings to students in the future and disclosures to students regarding the occurrence of certain financial events, actions, or conditions.

The DOE also provided guidance regarding the requirement to notify the DOE within specified timeframes of the occurrence of any of a list of events, actions or conditions that occur on or after July 1, 2017. The DOE stated in the electronic announcement that it recognized that some institutions may have been uncertain about how to comply with these requirements in light of the delays and court orders regarding the effective date of the 2016 Final Regulations. The DOE guidance generally gives institutions a 60-day period commencing from the date of the electronic announcement to send notifications of events, actions, or conditions that, with certain exceptions, occurred between the July 1, 2017 effective date of the 2016 Final Regulations and the date of the electronic announcement. Institutions have an ongoing obligation under the 2016 Final Regulations to notify the DOE of subsequent events, actions or conditions that are triggering circumstances in the regulations. See our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 under the caption "Regulatory Environment – Financial Responsibility Standards."

The DOE published proposed regulations on July 31, 2018 that would modify the defense to repayment regulations. On September 23, 2019, the DOE published the final regulations which have a general effective date of July 1, 2020. The current regulations generally will remain in effect until the new regulations generally take effect on July 1, 2020.

Among other things, the new regulations amend the processes for borrowers to receive from ED a discharge of the obligation to repay certain Title IV loans first disbursed on or after July 1, 2020 based on certain acts or omissions by the institution or a covered party. The regulations establish detailed procedures and standards for the loan discharge processes, including the information required for borrowers to receive a loan discharge, and the authority of the DOE to seek recovery from the institution of the amount of discharged loans.

The regulations also modify the list of triggering events that could result in the DOE determining that the institution lacks financial responsibility and must submit to the DOE a letter of credit or other form of acceptable financial protection and accept other conditions on the institution's Title IV eligibility. The regulations create lists of mandatory triggering events and discretionary triggering events. An institution is not able to meet its financial or administrative obligations if a mandatory triggering event occurs. The mandatory triggering events include:

- the institution's recalculated composite score is less than 1.0 as determined by the DOE as a result of an institutional liability from a settlement, final judgment, or final determination in an administrative or judicial action or proceeding brought by a Federal or State entity;
- the institution's recalculated composite score goes from less than 1.5 to less than 1.0 as determined by the DOE as a result of a withdrawal of owner's equity from the institution;
- the SEC takes certain actions against the institution or the institution fails to comply with certain filing requirements; or
- the occurrence of two or more discretionary triggering events (as described below) within a certain time period.

The DOE also may determine that an institution lacks financial responsibility if one of the following discretionary triggering events occurs and the event is likely to have a material adverse effect on the financial condition of the institution:

- a show cause or similar order from the institution's accrediting agency that could result in the withdrawal, revocation or suspension of institutional accreditation;
- a notice from the institution's state licensing agency of an intent to withdraw or terminate the institution's state licensure if the institution does not take steps to comply with state requirements;
- a default, delinquency, or other event occurs as a result of an institutional violation of a security or loan agreement that enables the creditor to require an increase in collateral, a change in contractual obligations, an increase in interest rates or payment, or other sanctions, penalties or fees;
- a failure to comply with the 90/10 rule during the institution's most recently completed fiscal year;
- high annual drop-out rates from the institution as determined by the DOE; or
- official cohort default rates of at least 30 percent for the two most recent years unless a pending appeal could sufficiently reduce one of the rates.

The regulations require the institution to notify the DOE of the occurrence of a mandatory or discretionary triggering event and to provide certain information to the DOE to demonstrate why the event does not establish the institution's lack of financial responsibility or require the submission of a letter of credit or imposition of other requirements.

The final regulations also will eliminate the current regulations regarding loan repayment rate warning requirements and generally will permit the use of arbitration clauses and class action waivers while requiring institutions to make certain disclosures to students.

Negotiated Rulemaking Update

On October 15, 2018, the DOE published a notice in the Federal Register announcing its intent to establish a negotiated rulemaking committee and three subcommittees to develop proposed regulations related to several matters that are described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 under the caption "Regulatory Environment – Negotiated Rulemaking." The DOE released draft proposed regulations for consideration and negotiation by the negotiated rulemaking committee and subcommittee that covered additional topics and made additional revisions and updates to the draft proposed regulations prior to subsequent meetings of the committee and subcommittees in early 2019. The committee and subcommittees completed their meetings in April 2019 and reached consensus on draft proposed regulations. On June 12, 2019, the DOE published proposed regulations on some of the topics in a notice of proposed rulemaking in the Federal Register for public comment and to consider revisions to the regulations in response to the comments before publishing the final versions of the regulations. The DOE stated that it intends to publish proposed regulations on the remaining issues in a separate notice of proposed rulemaking, but did not indicate when it would publish those proposed changes. On November 1, 2019, the DOE published the final regulations. The regulations have a general effective date of July 1, 2020. We are in the process of analyzing the new regulations and their potential impact on us and our institutions.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain market risks as part of our on-going business operations. Our obligations under our Credit Facility are secured by a lien on substantially all of our assets and any assets that we or our subsidiaries may acquire in the future. Outstanding borrowings under our Credit Facility bear interest at the rate of 7.85% as of September 30, 2019. As of September 30, 2019, we had $27.1 million outstanding under our Credit Facility.

Based on our outstanding debt balance as of September 30, 2019, a change of one percent in the interest rate would have caused a change in our interest expense of approximately $0.2 million, or $0.01 per basic share, on an annual basis. Changes in interest rates could have an impact on our operations, which are greatly dependent on our students' ability to obtain financing and, as such, any increase in interest rates could greatly impact our ability to attract students and have an adverse impact on the results of our operations. The remainder of our interest rate risk is associated with miscellaneous capital equipment leases, which is not significant.

Item 4. CONTROLS AND PROCEDURES

(a) *Evaluation of disclosure controls and procedures.* Our Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Securities Exchange Act Rule 13a-15(e)) as of the end of the quarterly period covered by this report, have concluded that our disclosure controls and procedures are adequate and effective to reasonably ensure that material information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) *Changes in Internal Control Over Financial Reporting.* There were no changes made during our most recently completed fiscal quarter in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

In the ordinary conduct of our business, we are subject to periodic lawsuits, investigations and claims, including, but not limited to, claims involving students or graduates and routine employment matters. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against us, we do not believe that any currently pending legal proceeding to which we are a party will have a material adverse effect on our business, financial condition, results of operations or cash flows.

Information regarding certain specific legal proceedings in which the Company is involved is contained in Part II, Item 1, and in Note 9 to the notes to the condensed consolidated financial statements included in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019. Unless otherwise indicated in this report, all proceedings discussed in the earlier report which are not indicated therein as having been concluded, remain outstanding as of September 30, 2019.

As previously reported, on July 6, 2018, the Company received an administrative subpoena from the Office of the Attorney General of the State of New Jersey ("NJ OAG"). Pursuant to the subpoena, the NJ OAG requested certain documents and detailed information relating to the November 21, 2012 Civil Investigative Demand letter addressed to the Company by the Massachusetts Office of the Attorney General ("MOAG") that resulted in a previously reported Final Judgment by Consent between the Company and the MOAG dated July 13, 2015. The Company responded to this request and, by letter dated April 11, 2019, the NJ OAG issued a supplemental subpoena requesting additional information for the time period from April 11, 2014 to the present. The Company submitted its response to the supplemental subpoena. Subsequently, by email dated August 20, 2019, the NJ OAG requested additional records of the Company from the years 2012 and 2013. The Company has responded to the NJ OAG's most recent record request and is continuing to cooperate with the NJ OAG.

Item 5. OTHER INFORMATION

(a) Sale of Series A Convertible Preferred Stock

On November 14, 2019, the Company raised gross proceeds of $12,700,000 from the sale of 12,700 shares of its newly designated Series A Convertible Preferred Stock, no par value per share (the "Series A Preferred Stock"). The Series A Preferred Stock was designated by the Company's board of directors ("the Board") pursuant to a certificate of amendment ("Charter Amendment") to the Company's amended and restated certificate of incorporation. The summaries of the agreements and documents below are qualified in their entirety by the actual agreements and documents which are Exhibits to this Report.

Securities Purchase Agreement.
The Series A Preferred Stock was sold by the Company pursuant to a Securities Purchase Agreements dated as of November 14, 2019 (the "SPA"), among the Company, Juniper Targeted Opportunity Fund, L.P. and Junior Targeted Opportunities, L.P. (together, "Juniper") and another investor party thereto (such investors, together with Juniper, the "Investors"). The proceeds of the sale net of transaction expenses will be used for working capital or other general corporate purposes.

The SPA contains customary representations, warranties and covenants including covenants relating to, among other things, the increase of the size of the Company's Board and the appointment of a director to be selected solely by the holders of the Series A Preferred Stock, who shall initially be John A. Bartholdson, an affiliate of Juniper. In connection with Mr. Bartholdson's appointment to the Company's Board of Directors, he and the Company entered into an indemnification agreement with the Company. The Company and each of the other members of the Board and each of the Company's executive officers also entered into indemnification agreements, the form of which is an Exhibit to this Report.

Rights and Preferences of the Series A Preferred Stock. The description below provides a summary of certain material terms of the Series A Preferred Stock issued pursuant to the SPA and set forth in the Charter Amendment.

Dividends. Dividends on the Series A Preferred Stock ("Series A Dividends"), at the initial annual rate of 9.6% is to be paid, in advance, from the date of issuance quarterly on each December 31, March 31, June 30 and September 30 with September 30, 2020 as the first dividend payment date. The Company, at its option, may pay dividends in cash or by increasing the number of Conversion Shares issuable upon conversion of the Series A Preferred Stock. The dividend rate is subject to increase (a) 2.4% per annum on the fifth anniversary of the issuance of the Series A Preferred Stock (b) by 20% per annum but in no event above 14% per annum should the Company fail to perform certain obligations under the Charter Amendment.

Series A Preferred Stock Holders Right to Convert into Common Stock. Each share of Series A Preferred Stock, at any time, is convertible into a number of shares of Common Stock equal to ("Convertible Formula") the quotient of (i) the sum of (A) $1,000 (subject to adjustment as provided in the Charter Amendment) plus (B) the dollar amount of any declared Series A Dividends not paid in cash divided by (ii) the Series A Conversion Price (as defined and adjusted in the Charter Amendment) as of the applicable Conversion Date (as defined in the Charter Amendment). The initial Conversion Price is $2.36. At all times, however, the number of Conversion Shares that can be issued to any Series A Preferred Stock Holder may not result in such holder and its affiliates owning more than 19.99% of the total number of shares of Common Stock outstanding after giving effect to the conversion (the "Hard Cap"), unless prior stockholder approval is obtained or no longer required by the rules of the principal stock exchange on which the Company's Common Stock trade.

Mandatory Conversion. If, at any time following November 14, 2022, the volume weighted average price of the Company's Common Stock equals or exceeds 2.25 times the Conversion Price for a period of 20 consecutive trading days and on each such trading day at least 20,000 shares of Common Stock was traded, the Company may, at its option and subject to the Hard Cap, require that any or all of the then outstanding shares of Series A Preferred Stock be automatically converted into shares of Common Stock at the then applicable convertible Formula.

Redemption. Beginning November 14, 2024, the Company may redeem all or any of the Series A Preferred Stock for a cash price equal to the greater of ("Liquidation Preference") (i) the sum of $1,000 (subject to adjustment as provided in the Charter Amendment) plus the dollar amount of any declared Series A Dividends not paid in cash and (ii) the value of the Conversion Shares were such Series A Preferred Stock converted (as determined in the Charter Amendment) without regard to the Hard Cap.

Change of Control. In the event of certain changes of control, some of which are not in the Company's control, as defined in the Charter Amendment as a "Fundamental Change" or a "Liquidation" (as defined in the Charter Amendment), the Series A Preferred Stockholders shall be entitled to receive the Liquidation Preference, unless such Fundamental Change is a stock merger in which certain value and volume requirements are met, in which case the Series A Preferred Stock will be converted into Common Stock in connection with such stock merger.

Voting. Holders of shares of Series A Preferred Stock will be entitled to vote with the holders of shares of Common Stock and not as a separate class, at any annual or special meeting of stockholders of the Company, on an as-converted basis, in all cases subject to the Hard Cap. In addition, a majority of the voting power of the Series A Preferred Stock must approve certain significant actions of the Company, including (i) declaring a dividend or otherwise redeeming or repurchasing any shares of Common Stock and other junior securities, if any, subject to certain exceptions, (ii) incurring indebtedness, except for certain permitted indebtedness or (iii) creating a subsidiary other than a wholly-owned subsidiary.

Board Representation. The holders of Series A Preferred Stock, voting as a separate class, have the right to appoint one director to the Board (the "Series A Director") who may serve on any committees of the Board, until such time as the later of (i) the shares of Series A Preferred Stock have been converted into Common Stock or (ii) a holder still owns Conversion Shares and the sum of such Conversion Shares plus any other shares of Common Stock represent at least 10% of the total outstanding shares of Common Stock. In connection therewith John A. Bartholdson was appointed to the Company's Board of Directors.

Additional Provisions. The Series A Preferred Stock is perpetual and therefore does not have a maturity date. The conversion price of the Series A Preferred Stock is subject to anti-dilution protections if the Company effects a stock split, stock dividend, subdivision, reclassification or combination of its Common Stock and certain other economically dilutive events.

Registration Rights Agreement.

The SPA required, as a condition to closing, that the Company enter into a Registration Rights Agreement ("RRA"). The RRA provides for unlimited demand registration rights, of which there can be two underwritten offerings each for at least $5 million in gross proceeds, and piggyback registration rights, with respect to the Conversion Shares.

(b) $60 Million Credit Facility with Sterling National Bank

On November 14, 2019, the Company entered into a new senior secured credit agreement (the "2019 Credit Agreement") with its lender, Sterling National Bank (the "Bank"), pursuant to which the Company obtained a new credit facility in the aggregate principal amount of up to $60 million (the "2019 Credit Facility"). The 2019 Credit Facility replaces the Company's existing facility with the Bank and, among other things, increases aggregate borrowing from $47 million to $60 million. The following description of the 2019 Credit Facility is qualified in its entirety by the actual agreement which is an Exhibit to this Report.

The 2019 Credit Facility is comprised of four facilities: a $20 million senior secured term loan maturing on December 1, 2024 (the "Term Loan"), with monthly interest and principal payments based on 120-month amortization with the outstanding balance due on the maturity date; a $10 million senior secured delayed draw term loan maturing on December 1, 2024 (the "Delayed Draw Term Loan"), with monthly interest payments for the first 18 months and thereafter monthly payments of interest and principal based on 120-month amortization and all balances due on the maturity date; a $15 million senior secured committed revolving line of credit providing a sublimit of up to $10 million for standby letters of credit maturing on November 13, 2022 (the "Revolving Loan"), with monthly payments of interest only; and a $15 million senior secured non-restoring line of credit maturing on January 31, 2021 (the "Line of Credit Loan").

The 2019 Credit Facility is secured by a first priority lien in favor of the Bank on substantially all of the personal property owned by the Company, as well as a pledge of the stock and other equity in the Company's subsidiaries and mortgages on parcels of real property owned by the Company in Colorado, Tennessee and Texas, at which three of the Company's schools are located, as well as a former school property owned by the Company located in Connecticut.

At the closing of the 2019 Credit Facility, the Bank advanced the Term Loan to the Company, the net proceeds of which was $19.65 million after deduction of the Bank's origination fee in the amount of $337,500 and other Bank fees and reimbursements to the Bank that are customary for facilities of this type. The Company used the net proceeds of the Term Loan, together with cash on hand, to repay the existing credit facility and transaction expenses.

Pursuant to the terms of the 2019 Credit Agreement, letters of credit issued under the Revolving Loan reduce dollar for dollar the availability of borrowings under the Revolving Loan. Borrowings under the Line of Credit Loan are to be secured by cash collateral.

Borrowing under the Delayed Draw Term Loan is available during the period commencing on the closing date of the 2019 Credit Facility and ending on May 31, 2021. Any amounts not borrowed during this period will not be available to the Company.

Accrued interest on each loan under the 2019 Credit Facility will be payable monthly in arrears. The Term Loan and the Delayed Draw Term Loan will bear interest at a floating interest rate based on the then one month LIBOR ("LIBOR") plus 3.50%. At the closing of the 2019 Credit Facility, the Company entered into a swap transaction with the Bank for 100% of the principal balance of the Term Loan, which matures on the same date as the Term Loan. pursuant to a swap agreement between the Company and the Bank. At the end of the borrowing availability period for the Delayed Draw Term Loan, the Company is required to enter into a swap transaction with the Bank for 100% of the principal balance of the Delayed Draw Term Loan, which will mature on the same date as the Delayed Draw Term Loan, pursuant to a swap agreement between the Company and the Bank or the Bank's affiliate. The Term Loan and Delayed Draw Term Loan are subject to a LIBOR interest rate floor of .25%.

Revolving Loans will bear interest at a floating interest rated based on the then LIBOR plus an indicative spread determined by the Company's leverage as defined in the 2019 Credit Agreement or, if the borrowing of a Revolving Loan is to be repaid within 30 days of such borrowing, the Revolving Loan will accrue interest at the Bank's prime rate plus .50% with a floor of 4.0%. Line of Credit Loans will bear interest at a floating interest rated based on the Bank's prime rate of interest. Revolving Loans are subject to a LIBOR interest rate floor of .00%.

Letters of credit will be charged an annual fee equal to (i) an applicable margin determined by the leverage ratio of the Company less (ii) .25%, paid quarterly in arrears, in addition to the Bank's customary fees for issuance, amendment and other standard fees. Letters of credit totaling $4 million that were outstanding under the existing credit facility are treated as letters of credit under the Revolving Loan.

Under the terms of the 2019 Credit Agreement, the Company may prepay the Term Loan and/or the Delayed Draw Term Loan in full or in part without penalty except for any amount required to compensate the Bank for any swap breakage or other costs incurred in connection with such prepayment. The Bank receives an unused facility fee of 0.50% per annum payable quarterly in arrears on the unused portions of the Revolving Loan and the Line of Credit Loan.

In addition to the foregoing, the Credit Agreement contains customary representations, warranties and affirmative and negative covenants (including financial covenants that (i) restrict capital expenditures, (ii) restrict leverage, (iii) require maintaining minimum tangible net worth, (iv) require maintaining a minimum fixed charge coverage ratio and (v) require the maintenance of a minimum of $5 million in quarterly average aggregate balances on deposit with the Bank, which, if not maintained, will result in the assessment of a quarterly fee of $12,500), as well as events of default customary for facilities of this type.

Item 6. EXHIBITS

Exhibit Number	Description
3.1	Certificate of Amendment, dated November 14, 2019, to the Amended and Restated Certificate of Incorporation of the Company
10.1	Securities Purchase Agreement, dated as of November 14, 2019, between the Company and the investors parties thereto
10.2	Registration Rights Agreement, dated as of November 14, 2019, between the Company and the investors parties thereto
10.3	Credit Agreement, dated as of November 14, 2019, among the Company, Lincoln Technical Institute, Inc. and its subsidiaries, and Sterling National Bank
10.4	Form of Indemnification Agreement between the Company and each director of the Company
10.5	Form of Indemnification Agreement between the Company and John A. Bartholdson
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99	Press Release of the Company dated November 14, 2019
101**	The following financial statements from Lincoln Educational Services Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, formatted in XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Comprehensive (Loss) Income, (iv) Condensed Consolidated Statements of Changes in Stockholders' Equity, (v) Condensed Consolidated Statements of Cash Flows and (vi) the Notes to Condensed Consolidated Financial Statements, tagged as blocks of text and in detail.

* As provided in Rule 406T of Regulation S-T, this information is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LINCOLN EDUCATIONAL SERVICES CORPORATION

Date: November 14, 2019

By: /s/ Brian Meyers

Brian Meyers
Executive Vice President, Chief Financial Officer and Treasurer

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Exhibit 3.1

CERTIFICATE OF AMENDMENT TO THE

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

LINCOLN EDUCATIONAL SERVICES CORPORATION

(Pursuant to Section 14A:7-2(2) and (4) of
New Jersey Business Corporation Act)

Pursuant to the provisions of N.J.S.A. 14A:7-2(2) and (4), the undersigned corporation executes the following Certificate of Amendment to its Amended and Restated Certificate of Incorporation:

1. The name of the corporation is Lincoln Educational Services Corporation, a corporation organized and existing under the laws of the State of New Jersey (hereinafter called the "***Corporation***").

2. The following amendment to the Amended and Restated Certificate of Incorporation of the Corporation (the "***Certificate of Incorporation***"), was approved by the Corporation's board of directors (the "***Board***") as required by Section 14A:7-2 of the New Jersey Business Corporation Act by unanimous written consent in lieu of a meeting.

3. The Board, in accordance with the Certificate of Incorporation, and the bylaws, as amended (the "***Bylaws***"), and applicable law, by unanimous written consent in lieu of a meeting effective as of November 12, 2019, authorized the issuance and sale by the Corporation of up to $12,700,000 in aggregate liquidation preference of shares of the Corporation's preferred stock, no par value per share (the "***Series A Preferred Stock***"), and created a series of Series A Convertible Preferred Stock of the Corporation designated as the "***Series A Convertible Preferred Stock***". Pursuant to the provisions of the Certificate of Incorporation, the Bylaws and applicable law, by unanimous written consent in lieu of a meeting effective as of November 12, 2019, the Board fixed and determined the authorized number of shares of the series, the dividend rate of shares of the series, the designations, and certain other powers, preferences, and relative, participating, optional or other rights, and the limitations thereof, and amended the Certificate of Incorporation to add such terms as a new Section 4 of Article IV of the Certificate of Incorporation as follows:

Series A Convertible Preferred Stock

Section 1 Designation and Amount. There is hereby created out of the authorized and unissued shares of preferred stock of the Corporation a single series of preferred stock designated as the "Series A Convertible Preferred Stock" (the "***Series A Preferred Stock***") and the number of shares constituting the Series A Preferred Stock shall be 12,700.

Section 2 Certain Definitions.

(a) As used in this Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Corporation (the "***Certificate of Amendment***"), the following terms shall have the respective meanings set forth below:

"***Additional Series A Dividend Accrual Date***" means November 14, 2024.

"***Additional Series A Dividends***" means the cash dividends provided for in Section 3(c).

"***Affiliate***" means, with respect to any specified Person, any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person; provided that the following Persons shall not be deemed to be Affiliates of a Holder or any of its Affiliates: (a) the Corporation and its subsidiaries and (b) any portfolio company in which such Holder or any of its Affiliates has an investment (whether debt or equity) or any of such portfolio companies' controlled Affiliates. For the purpose of this definition, "***control***" (including the terms "***controlled by***" and "***under common control with***"), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly or as trustee, personal representative or executor, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, as trustee, personal representative or executor, or by contract.

"***Bloomberg***" means Bloomberg Financial Markets and its successors.

"***Business Day***" means any day except a Saturday, a Sunday or other day on which banking institutions in the City of New York, New York or New Jersey, New Jersey are authorized or required by law, regulation or executive order to be closed.

"***Buy-In***" shall have the meaning set forth in Section 7(d).

"***Closing Price***" of the Common Stock on any date of determination means the closing sale price or, if no closing sale price is reported, the last reported sale price, of shares of Common Stock on the NASDAQ Global Select Market on such date. If the Common Stock is not traded on the NASDAQ Global Select Market on any date of determination, the Closing Price of the Common Stock on such date of determination means the closing sale price as reported in the composite transactions for the principal United States securities exchange or automated quotation system on which the Common Stock is so listed or quoted, or if no closing sale price is reported, the last reported sale price on the principal United States securities exchange or automated quotation system on which the Common Stock is so listed or quoted, or if the Common Stock is not so listed or quoted on a United States securities exchange or automated quotation system, the last quoted bid price for the Common Stock in the over-the-counter market as reported by OTC Market Group, Inc. or any similar organization, or if that bid price is not available, the market price of the Common Stock on that date as determined by an Independent Financial Advisor retained by the Corporation for such purpose.

"***Common Stock***" means the common stock, no par value per share, of the Corporation, including the common stock into which the Series A Preferred Stock is convertible, and any securities into which the Common Stock may be reclassified.

"***Common Stock Equivalents***" means any securities of the Corporation or its subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"***Conversion Agent***" means the Transfer Agent acting in its capacity as conversion agent for the Series A Preferred Stock, and its successors and permitted assigns.

"***Conversion Date***" shall have the meaning set forth in Section 7(a).

"***Conversion Notice***" shall have the meaning set forth in Section 7(a).

"***Conversion Shares***" means the shares of Common Stock into which the Series A Preferred Stock are convertible.

"***Convertible Securities***" means any stock or securities (other than Options) directly or indirectly convertible into or exercisable or exchangeable for shares of Common Stock.

"***Covered Persons***" shall have the meaning set forth in Section 18.

"***Covered Repurchase***" shall have the meaning set forth in Section 8(a)(iii).

"***Current Market Price***" per share of Common Stock, as of any date of determination, means the arithmetic average of the Volume Weighted Average Price per share of Common Stock for each of the ten (10) consecutive Trading Days ending on, and including, the Trading Day immediately preceding such day, appropriately adjusted to take into account the occurrence during such period of any event described in Section 8.

"***Distributed Property***" shall have the meaning set forth in Section 8(a)(iv).

"***Distribution Transaction***" means any distribution of equity securities of a subsidiary of the Corporation to holders of Common Stock, whether by means of a spin-off, split-off, redemption, reclassification, exchange, stock dividend, share distribution, rights offering or similar transaction.

"***Dividend Payment Date***" means March 31, June 30, September 30 and December 31 of each year;provided that September 30, 2020 shall be the first Dividend Payment Date; provided, further, that if any such Dividend Payment Date would otherwise occur on a day that is not a Business Day, such Dividend Payment Date shall instead be (and any dividend payable on Series A Preferred Stock on such Dividend Payment Date shall instead be payable on) the immediately succeeding Business Day.

"***Dividend Period***" means the period commencing on and including a Dividend Payment Date and ending on and including the day immediately preceding the next Dividend Payment Date; provided that the initial Dividend Period shall commence on and include the Series A Closing Date and shall end on and include the day immediately preceding the first Dividend Payment Date.

"***Dividend Rate***" means the rate equal to nine point six percent (9.6%) per annum.

"***Excess Amount***" shall have the meaning set forth in Section 7(f).

"***Exchange Act***" means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

"***Expiration Date***" shall have the meaning set forth in Section 8(a)(iii).

"***Fair Market Value***" means, with respect to any security or other property, the fair market value of such security or other property as reasonably determined in good faith by a majority of the board of directors of the Corporation, or an authorized committee thereof, including in any such case the approval of the Series A Director (which approval will not be unreasonably withheld, delayed or conditioned), (a) after consultation with an Independent Financial Advisor, as to any security or other property with a Fair Market Value of less than $5,000,000, or (b) otherwise using an Independent Financial Advisor to provide a valuation opinion.

"***Fundamental Change***" means the occurrence of any of the following events: (i) a "person" or "group" within the meaning of Sections 13(d) and 14(d) of the Exchange Act, other than the Corporation, files a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect "beneficial owner," as defined in Rules 13d-3 and 13d-5 under the Exchange Act, of Common Stock representing more than 50% of the voting securities of the Corporation or the Corporation otherwise becomes aware of such ownership; (ii) the consummation of (a) any recapitalization, reclassification, change of the Common Stock (other than a change only in par value, from par value to no par value or from no par value to par value, or changes resulting from a subdivision or combination of Common Stock) or other similar transaction as a result of which all or substantially all the Common Stock would be converted into, or exchanged for, or represent solely the right to receive, cash, stock, other securities, or other property or assets or (b) any share exchange, consolidation, merger, reorganization or other similar transaction involving the Corporation or any of its subsidiaries; (iii) the Corporation sells, leases, license, conveys or transfers (whether in one transaction or in a series of transactions) all or substantially all of its assets; or (iv) the shareholders of the Corporation approve or the Corporation otherwise adopts any plan or proposal for the liquidation, dissolution or winding-up of the affairs of the Corporation; provided, however, that a transaction or transactions described in clause (ii) above will not constitute a Fundamental Change if the holders of all classes of Common Stock immediately prior to such transaction own, directly or indirectly, more than fifty percent (50%) of all classes of Common Stock of the continuing or surviving corporation; provided, further, if (A) the "person" or "group" effecting a transaction or transactions described inclause (i) above shall be or include a Holder and (B) such transaction or transactions shall be effected without the consent or approval of a majority of the board of directors of the Corporation (excluding any directors that are affiliated with the "person" or "group" effecting the transaction or transactions described in clause (i) above), then such transaction or transactions shall not be deemed a Fundamental Change solely with respect to any such Holder and such Holder shall not be entitled to be paid out the Series A Liquidation Preference pursuant to Section 4, the Series A Redemption Price pursuant to Section 16(b) or the Additional Series A Dividends pursuant to Section 3(c) (only to the extent that the Corporation fails to notify such Holder of such transaction or transactions described in clause (i) above and such failure constitutes a Series A Dividend Increase Event) upon occurrence of such Fundamental Change.

"***Hard Cap***" shall have the meaning set forth in Section 7(f).

"***Holder***" or "***Holders***" means the holder of record of the Series A Preferred Stock as they appear on the stock register of the Corporation and/or the Transfer Agent, as the case may be.

"***Independent Financial Advisor***" means an accounting, appraisal, investment banking firm or consultant of nationally recognized standing; provided, however, that such firm or consultant is not an Affiliate of the Corporation and is reasonably acceptable to the Required Series A Holders.

"***Junior Securities***" means the Common Stock and any other class or series of shares of capital stock of the Corporation (including all Common Stock Equivalents of the Corporation) now existing or hereafter authorized that does not expressly rank *pari passu* with or senior to the Series A Preferred Stock as to dividend rights and rights on the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"***Liquidation***" means a liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary.

"***Mandatory Series A Conversion***" shall have the meaning set forth in Section 6(a).

"***Mandatory Series A Conversion Date***" shall have the meaning set forth in Section 6(a).

"***Notice of Mandatory Series A Conversion***" shall have the meaning set forth in Section 6(b).

"***Officer's Certificate***" means a certificate signed by the Chief Executive Officer, the Chief Financial Officer or the Secretary of the Corporation.

"***Options***" means any rights, warrants or options to subscribe for or purchase shares of Common Stock or Convertible Securities.

"***Person***" means an individual, a limited liability company, a partnership, a joint venture, a corporation, an association, a joint stock company, an estate, a trust, an unincorporated organization, any other entity and a government or any department or agency thereof.

"***Principal Market***" means The NASDAQ Global Select Market.

"***Record Date***" means, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of holders of Common Stock entitled to receive such cash, securities or other property (whether such date is fixed by the board of directors of the Corporation or by statute, contract or otherwise).

"***Redemption***" shall have the meaning set forth in Section 16(e).

"***Redemption Notice***" shall have the meaning set forth in Section 16(a)(ii).

"***Redemption Request***" shall have the meaning set forth in Section 16(b).

"***Registration Rights Agreement***" means that certain Registration Rights Agreement, dated as of November 14, 2019, by and among the Corporation and each of the investors party thereto.

"***Required Series A Holders***" means, as of any date, the holders of at least a majority of the shares of Series A Preferred Stock outstanding as of such date.

"***Securities Act***" means the Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

"***Securities Purchase Agreement***" means that certain Securities Purchase Agreement, dated as of November 14, 2019, by and among the Corporation and each of the investors party thereto.

"***Senior Secured Debt Agreement***" shall have the meaning set forth in Section 15(e).

"***Series A Closing Date***" means the date of the closing of the purchase and sale of the Series A Preferred Stock pursuant to the Securities Purchase Agreement.

"***Series A Conversion Price***" means, for each share of Series A Preferred Stock, a dollar amount equal to the Series A Stated Value divided by the Series A Conversion Rate, in each case, in effect at such time.

"***Series A Conversion Rate***" means, for each share of Series A Preferred Stock, initially 423.729 shares of Common Stock, subject to adjustment as provided herein.

"***Series A Director***" shall have the meaning set forth in Section 17(a).

"***Series A Dividend Increase Event***" means any failure by the Corporation (a) after November 14, 2024 to pay the Series A Preferred Dividends or the Additional Series A Dividends when due to the Holders of Series A Preferred Stock, (b) to effect the conversion of a Holder's Series A Preferred Stock pursuant to Section 5 or Section 6 when required, (c) to effect the redemption of a Holder's Series A Preferred Stock pursuant to Section 16(b) when required, (d) to notify the Holders in the event of a Fundamental Change, (e) to comply with the anti-dilution provisions of Section 8, (f) to comply with the notice provision of Section 9, (g) to comply with the protective provisions set forth in Section 15, or (h) to have an effective registration statement filed by the Corporation pursuant to the Securities Act as required herein or by the Registration Rights Agreement.

"***Series A Issue Price***" means an amount per share of Series A Preferred Stock equal to $1,000.00, as adjusted for stock splits, reverse stock splits and similar transactions with respect to the Series A Preferred Stock.

"***Series A Liquidation Preference***" means an amount in cash per share of Series A Preferred Stock equal to (as adjusted for stock splits, reverse stock splits and similar transactions with respect to the Series A Preferred Stock) the greater of (a)(i) the sum of the Series A Stated Value plus (ii) without duplication, any declared or accrued but unpaid dividends on such share of Series A Preferred Stock (including, for the avoidance doubt, any Series A Preferred Dividends and Additional Series A Dividends thereon) as of immediately prior to a Liquidation and (b) such amount as would have been payable had all shares of Series A Preferred Stock been converted into Common Stock in accordance with Section 5 immediately prior to a Liquidation (without regard to any limitations on convertibility contained herein and plus any payment in respect of any fractional shares).

"***Series A Preferred Dividends***" shall have the meaning set forth in Section 3(a).

"***Series A Redemption Price***" shall have the meaning set forth in Section 16(a)(i).

"***Series A Stated Value***" means, with respect to each share of Series A Preferred Stock, an amount equal to (as adjusted for stock splits, reverse stock splits and similar transactions with respect to the Series A Preferred Stock) (a) the Series A Issue Price plus (b) on each Dividend Payment Date, an additional amount equal to the dollar value of any declared or accrued but unpaid Series A Preferred Dividends and/or Additional Series A Dividends.

"***Stock Merger***" shall have the meaning set forth in Section 16(b).

"***Stock Merger Conditions***" shall have the meaning set forth in Section 16(b).

"***Trading Day***" means any day on which the Common Stock is traded on the Principal Market, or, if the Principal Market is not the principal national trading market for the Common Stock, then on the principal national securities exchange or securities market on which the Common Stock is then traded or admitted to trading (including any over-the-counter market); provided that "***Trading Day***" shall not include any day on which the Common Stock is scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Common Stock is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00:00 p.m., New York time).

"***Transfer Agent***" means the Person acting as Transfer Agent, Registrar and Paying Agent and Conversion Agent for the Series A Preferred Stock, and its successors and permitted assigns. The Transfer Agent initially shall be Continental Stock Transfer & Trust Corporation, Inc.

"***Trigger Event***" shall have the meaning set forth in Section 8(a)(vii).

"***Volume Weighted Average Price***" or "***VWAP***" means, for any security as of any date, the dollar volume-weighted average price for such security on the Principal Market during the period beginning at 9:30:01 a.m., New York time (or such other time as the Principal Market publicly announces is the official open of trading), and ending at 4:00:00 p.m., New York time (or such other time as the Principal Market publicly announces is the official close of trading), as reported by Bloomberg through its "Volume at Price" function or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30:01 a.m., New York time (or such other time as the Principal Market publicly announces is the official open of trading), and ending at 4:00:00 p.m., New York time (or such other time as the Principal Market publicly announces is the official close of trading), as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in the "pink sheets" by OTC Markets LLC. If the Volume Weighted Average Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Volume Weighted Average Price of such security on such date shall be the fair market value as mutually determined by the Corporation and the applicable Holder. If the Corporation and the applicable Holder are unable to agree upon the fair market value of such security, then the Volume Weighted Average Price will be determined by an Independent Financial Advisor retained by the Corporation for such purpose. All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during the applicable calculation period.

(b) Unless the context otherwise requires: (i) an accounting term not otherwise defined herein has the meaning accorded to it in accordance with generally accepted accounting principles in effect from time to time in the United States; (ii) the words "hereof," "herein" and "hereunder" and words of similar import, when used in this Certificate of Amendment, refer to this Certificate of Amendment as a whole and not to any particular provision of this Certificate of Amendment and the words "the date hereof", when used in this Certificate of Amendment, refer to the date of this Certificate of Amendment; (iii) the definitions contained in this Certificate of Amendment are applicable to the singular as well as the plural forms of such terms; (iv) the use of "or" is not intended to be exclusive unless expressly indicated otherwise; (v) whenever the words "include," "includes" or "including" are used in this Certificate of Amendment, they are deemed to be followed by the words "without limitation"; (vi) references to any Section, clause, Exhibit, or Schedule refer to the corresponding Section or clause of, or an Exhibit or Schedule to, this Certificate of Amendment; (vii) any reference to a day or number of days, unless expressly referred to as a Business Day or a Trading Day, shall mean the respective calendar day or number of calendar days; (viii) references to sections of or rules under the Exchange Act or the Securities Act shall be deemed to include substitute, replacement or successor sections or rules, and any term defined by reference to a section of or rule under the Exchange Act or the Securities Act shall include the U.S. Securities and Exchange Commission and judicial interpretations of such section or rule; (ix) headings are for reference purposes only and do not affect in any way the meaning or interpretation of this Certificate of Amendment; and (x) unless otherwise expressly provided in this Certificate of Amendment, a reference to any specific agreement or other document shall be deemed a reference to such agreement or document as amended from time to time in accordance with the terms of such agreement or document.

Section 3 Dividends.

(a) From and after the Series A Closing Date, each Holder of Series A Preferred Stock, in preference and priority to the holders of all other classes or series of stock of the Corporation, shall be entitled to receive, with respect to each share, or fraction of a share, of Series A Preferred Stock then outstanding and held by such Holder and with respect to each Dividend Period, cash dividends in an amount equal to the Dividend Rate multiplied by the Series A Stated Value on and as of the first day of each such Dividend Period (the "***Series A Preferred Dividends***"). If and to the extent that the Corporation does not pay the entire Series A Preferred Dividends on each share of Series A Preferred Stock for a particular Dividend Period in accordance with this Section 3 on the applicable Dividend Payment Date for such period, the unpaid portion of the Series A Preferred Dividends shall be automatically added to the outstanding Series A Stated Value as provided in the definition thereof. The Series A Preferred Dividends shall accrue on a daily basis at the Dividend Rate and be cumulative, commencing from and including the Series A Closing Date, whether or not earned or declared, and whether or not there are earnings or profits, surplus or other funds or assets of the Corporation legally available for the payment of dividends, shall compound on each Dividend Payment Date and shall be payable in arrears on the first Dividend Payment Date after such Dividend Period. The Series A Preferred Dividends payable at the Dividend Rate on the Series A Preferred Stock in respect of any Dividend Period shall be computed on the basis of a 360-day year consisting of twelve (12) thirty (30)-day months. The amount of dividends payable at the Dividend Rate on the Series A Preferred Stock on any date prior to the end of a Dividend Period, and for the initial Dividend Period, shall be computed on the basis of a 360-day year consisting of twelve (12) thirty (30)-day months, and actual days elapsed over a thirty (30)-day month.

(b) The Corporation shall make each dividend payment on the Series A Preferred Stock in cash. Notwithstanding anything to the contrary in this Certificate of Amendment, such cash dividends shall be paid only to the extent that (i) the Corporation has funds legally available for such payment, (ii) the Corporation is not prohibited by any indebtedness of the Corporation, and (iii) the board of directors of the Corporation, or an authorized committee thereof, declares such dividend payable. To the extent the board of directors of the Corporation desires to declare any cash dividend or other distribution in cash on the Common Stock during any Dividend Period that requires a corresponding cash dividend on the Series A Preferred Stock in accordance with Section 3(d), it may do so only to the extent that (A) the Corporation has funds legally available for the payment of such dividend or distribution in cash on all of the shares of Common Stock and Series A Preferred Stock then outstanding, (B) the Corporation is not prohibited by any indebtedness of the Corporation, and (C) such cash dividend or distribution on the Common Stock and the Series A Preferred Stock shall be payable only on the applicable Dividend Payment Date for such Dividend Period.

(c) From and after the Additional Series A Dividend Accrual Date, each Holder of then-outstanding shares of Series A Preferred Stock, in preference and priority to the holders of all other classes or series of stock of the Corporation, shall thereafter be entitled to receive cash dividends accruing on a daily basis from the Additional Series A Dividend Accrual Date, through and including the date on which such dividends are paid in full by the Corporation, at a rate of two point four percent (2.40%) per annum of the Series A Stated Value per share of Series A Preferred Stock. The Additional Series A Dividends shall be in addition to, and not a substitute for or payment in lieu of, the Series A Preferred Dividends. The Additional Series A Dividends shall increase by two percent (2.00%) per annum of the Series A Stated Value per share of Series A Preferred Stock upon the occurrence and during the continuance of a Series A Dividend Increase Event. For the avoidance of doubt, in no event shall the Additional Series A Dividends accrue at a rate greater than fourteen percent (14%) per annum whether or not there shall be at any time more than one Series A Dividend Increase Events. The Additional Series A Dividends shall be cumulative, commencing from and including the Additional Series A Dividend Accrual Date, whether or not earned or declared, and whether or not there are earnings or profits, surplus or other funds or assets of the Corporation legally available for the payment of dividends, shall compound on each Dividend Payment Date and shall be payable in arrears on the first Dividend Payment Date after the Additional Series A Dividend Accrual Date. Notwithstanding anything to the contrary in this Certificate of Amendment, if and to the extent that the Corporation does not pay the entire amount of the Additional Series A Dividends on each share of Series A Preferred Stock for a particular Dividend Period in accordance with this Section 3(c) on the applicable Dividend Payment Date for such period, the unpaid portion of the Additional Series A Dividends shall be automatically added to the outstanding Series A Stated Value. The Additional Series A Dividends payable pursuant to this Section 3(c) on the Series A Preferred Stock in respect of any Dividend Period shall be computed on the basis of a 360-day year consisting of twelve (12) thirty (30)-day months. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity, including a decree of specific performance and/or injunctive relief in connection with any Series A Dividend Increase Event.

(d) Subject to Section 3(b), in addition to the dividends accruing on the Series A Preferred Stock pursuant to Section 3(a) and Section 3(c), in the event that the Corporation shall at any time declare or pay a dividend on or declare or make a distribution in respect of the Common Stock (whether in cash, in kind or in other property) or any other class or series of capital stock of the Corporation, the Corporation shall, at the same time and on the same terms, declare and pay or declare and distribute to each Holder a dividend (or distribution) equal to the dividend that would have been payable to such Holder if the shares, or fraction of a share, of Series A Preferred Stock held by such Holder had been converted into Common Stock on the Record Date for such dividend or distribution.

(e) Except as otherwise provided herein, if at any time the Corporation pays less than the total amount of dividends then accumulated with respect to the Series A Preferred Stock, such payment shall be distributed *pro rata* among the Holders entitled thereto based upon the Series A Stated Value on all shares of Series A Preferred Stock held by each such Holder.

Section 4 Liquidation.

(a) Upon any Liquidation, after the satisfaction in full of the debts of the Corporation, the Holders of the Series A Preferred Stock shall receive from the net assets of the Corporation the Series A Liquidation Preference multiplied by the number of shares of Series A Preferred Stock held by such Holders, before any distribution or payment shall be made to the holders of any Junior Securities, and if the assets of the Corporation shall be insufficient to pay in full such amounts, then the entire assets to be distributed to the Holders of the Series A Preferred Stock shall be ratably distributed among such Holders in accordance with the respective amounts that would be payable on such shares if all amounts payable thereon were paid in full.

(b) The Corporation shall mail written notice of any such Liquidation by first-class or registered mail, postage prepaid, return receipt requested, not less than forty-five (45) days prior to the payment date stated therein, to each Holder.

(c) For purposes of this Section 4 and subject to the rights of the Holders set forth in Section 16(b) and Section 16(f), a Fundamental Change shall be deemed a Liquidation, and the Holders of the Series A Preferred Stock shall be entitled to be paid out of the consideration payable to shareholders in such Fundamental Change or the assets of the Corporation (or its successor) the Series A Liquidation Preference multiplied by the number of shares of Series A Preferred Stock held by such Holders, before any payment shall be made to the holders of any Junior Securities, unless (A) waived by the Required Series A Holders or (B) such Fundamental Change is a Stock Merger in which the consideration payable to all the holders of Common Stock in such Fundamental Change is solely in shares of capital stock of another Person and with respect to such shares of capital stock of such other Person each of the Stock Merger Conditions has been satisfied in full, in which case, each share of Series A Preferred Stock shall be converted into the right to receive the kind and amount of shares of capital stock of such other Person which a holder of the number of shares of Common Stock issuable upon conversion of one share of Series A Preferred Stock immediately prior to the date on which such Fundamental Change event occurs or becomes effective would have been entitled to receive pursuant to such Fundamental Change.

Section 5 Right of the Holders to Convert.

(a) From and after the Series A Closing Date, each Holder shall have the right, at such Holder's sole option, subject to the conversion procedures set forth in Section 7 and without the payment of additional consideration by the Holder thereof, to convert all or any portion of such Holder's Series A Preferred Stock at any time and from time to time into that number of shares of Common Stock equal to the quotient of (i) the sum of (A) the Series A Stated Value of such share of Series A Preferred Stock plus (B) without duplication, any declared or accrued and unpaid dividends (including, for the avoidance of doubt, any Series A Preferred Dividends, Additional Series A Dividends and any cash in lieu of fractional shares) in respect of the Series A Preferred Stock up to but not including the Conversion Date divided by (ii) the Series A Conversion Price as of the applicable Conversion Date.

(b) Any shares of Common Stock issued upon conversion of Series A Preferred Stock shall be duly authorized, validly issued, fully paid and nonassessable and shall be free of any restrictions on transfer (other than restrictions on transfer arising under applicable federal and state securities laws) and shall be free and clear from all taxes, liens, encumbrances, duties and charges arising out of or by reason of the issue thereof.

Section 6 Mandatory Conversion by Right of the Corporation.

(a) At any time on or after November 14, 2022, if:

(i) the Closing Price for the immediately preceding twenty (20) Trading Days to the date on which the Corporation delivers the Notice of Mandatory Series A Conversion is equal to or greater than 2.25 times the Series A Conversion Price;

(ii) the average volume of shares of Common Stock traded for the immediately preceding twenty (20) Trading Days to the date on which the Corporation delivers the Notice of Mandatory Series A Conversion is equal to or greater than twenty thousand (20,000) shares (as adjusted for stock splits, reverse stock splits and similar transactions);

(iii) all the shares of Common Stock into which the Series A Preferred Stock are convertible shall, upon issuance, be freely tradable by the applicable Holder under an effective registration statement filed by the Corporation pursuant to the Securities Act without any volume or manner of sale limitations applicable to "affiliates" as defined therein; and

(iv) the Corporation shall not be in breach in any material respect of any of its obligations under this Certificate of Amendment, the Securities Purchase Agreement or the Registration Rights Agreement;

then the Corporation may elect to cause to be converted (a "***Mandatory Series A Conversion***") all or any portion of each Holder's outstanding shares of Series A Preferred Stock into shares of Common Stock (the date selected by the Corporation for any Mandatory Series A Conversion pursuant to this Section 6(a), the "***Mandatory Series A Conversion Date***"). In the case of a Mandatory Series A Conversion, each share of Series A Preferred Stock then outstanding shall be converted into that number of shares of Common Stock equal to the quotient of (A) the sum of (1) the Series A Stated Value of such share of Series A Preferred Stock plus (2) without duplication, any declared or accrued and unpaid dividends (including, for the avoidance of doubt, any Series A Preferred Dividends, Additional Series A Dividends and any cash in lieu of fractional shares) in respect of the Series A Preferred Stock up to but not including the Conversion Date divided by (B) the Series A Conversion Price as of the applicable Conversion Date.

(b) If on or after November 14, 2022 each of the conditions set forth inSection 6(a) has been satisfied in full and the Corporation elects to effect a Mandatory Series A Conversion, then the Corporation shall provide written notice of Mandatory Series A Conversion to each Holder (such notice, a "***Notice of Mandatory Series A Conversion***"). The Mandatory Series A Conversion Date selected by the Corporation shall be no less than five (5) Business Days and no more than fifteen (15) Business Days after the date on which the Corporation provides the Notice of Mandatory Series A Conversion to the Holders. The Notice of Mandatory Series A Conversion shall state, as appropriate: (i) the Mandatory Series A Conversion Date selected by the Corporation; and (ii) the Series A Conversion Rate as in effect on the Mandatory Series A Conversion Date and the number of shares of Common Stock to be issued to such Holder upon conversion of each share of Series A Preferred Stock held by such Holder. Notwithstanding anything to the contrary in this Section 6, any Holder shall be permitted to convert any or all of its shares of Series A Preferred Stock prior to the Mandatory Series A Conversion Date, including any shares subject to a Mandatory Series A Conversion, in the manner contemplated by Section 5 and Section 7.

(c) Any shares of Common Stock issued upon a Mandatory Series A Conversion shall be duly authorized, validly issued, fully paid and nonassessable and shall be free of any restrictions on transfer (other than restrictions on transfer arising under applicable federal and state securities laws) and shall be free and clear from all taxes, liens, encumbrances, duties and charges arising out of or by reason of the issue thereof.

Section 7 Conversion Procedures and Effect of Conversion.

(a) Conversion Procedure. A Holder must do each of the following in order to convert shares of Series A Preferred Stock pursuant to this Section 7(a): (i) in the case of a conversion pursuant to Section 5(a), complete and manually sign the conversion notice in the form attached hereto as Exhibit A (the "***Conversion Notice***") (which Conversion Notice may be conditioned on the completion of a Fundamental Change or other corporate transaction as specified by the applicable Holder in such Conversion Notice), and deliver such notice to the Corporation with a copy to the Conversion Agent; (ii) deliver to the Corporation or the Conversion Agent the certificate or certificates (if any) representing the shares of Series A Preferred Stock to be converted; (iii) if required, furnish appropriate endorsements and transfer documents; and (iv) if required, pay any stock transfer, documentary, stamp or similar taxes not payable by the Corporation pursuant to Section 12. The foregoing clauses (ii), (iii) and (iv) shall be the only conditions applicable to the Holders in respect of the issuance of shares of Common Stock to the Holders in the event of a Mandatory Series A Conversion pursuant to Section 6.

The "***Conversion Date***" means (A) with respect to conversion of any shares of Series A Preferred Stock at the option of any Holder pursuant to Section 5(a), the date on which such Holder complies with the procedures in this Section 7(a) and (B) with respect to a Mandatory Series A Conversion pursuant to Section 6(a), the Mandatory Series A Conversion Date.

(b) Effect of Conversion. Effective immediately prior to the close of business on the Conversion Date applicable to any shares of Series A Preferred Stock, Series A Preferred Dividends and Additional Series A Dividends thereon shall no longer accrue or be declared on any such shares of Series A Preferred Stock, and on conversion, such shares of Series A Preferred Stock shall cease to be outstanding.

(c) Record Holder of Underlying Securities as of Conversion Date. The Person or Persons entitled to receive the Common Stock issuable upon conversion of Series A Preferred Stock on any applicable Conversion Date shall be treated for all purposes as the record holder(s) of such shares of Common Stock as of immediately prior to the close of business on such Conversion Date. As promptly as practicable on or after the Conversion Date and compliance by the applicable Holder with the relevant procedures contained in Section 7(a) (and in any event no later than five (5) Business Days thereafter), the Corporation shall issue and deliver the number of whole shares of Common Stock issuable upon conversion (and deliver payment of cash in lieu of fractional shares and any Excess Amount (as defined below)) in accordance with this Section 7(c). Such delivery of shares of Common Stock shall be made, at the sole option of the applicable Holder, by the Corporation to the appropriate Holder on a book-entry basis, through the facilities of The Depository Trust Company (DTC), or by mailing certificates evidencing the shares to the Holders at their respective addresses as set forth in the Conversion Notice (in the case of a conversion pursuant to Section 5(a)) or in the records of the Corporation or the Conversion Agent, as applicable (in the case of a Mandatory Series A Conversion). Any cash payable in lieu of fractional shares shall be delivered to the applicable Holder at the address for such Holder as set forth in the Conversion Notice. In the event that a Holder shall not by written notice designate the name in which shares of Common Stock to be delivered upon conversion of shares of Series A Preferred Stock should be registered, or the manner in which such shares should be delivered, the Corporation shall register and deliver such shares in the name of the Holder as shown on the records of the Conversion Agent and by book-entry through the facilities of The Depository Trust Company (DTC).

(d) Failure to Convert. In addition to any other rights available to the Holder, if the Corporation shall fail for any reason or no reason to issue to a Holder of Series A Preferred Stock a certificate representing the Conversion Shares within five (5) Business Days after the applicable Conversion Date and duly register the shares of Common Stock on the Corporation's stock register or to credit such Holder's balance account with The Depository Trust Company (DTC) for such number of shares of Common Stock to which such Holder is entitled upon such conversion, and if on or after the Conversion Date such Holder purchases, or another Person purchases on such Holder's behalf or for the Holder's account (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by such Holder of the Conversion Shares that such Holder anticipated receiving upon the conversion from the Corporation (a "***Buy-In***"), then the Corporation shall pay in cash to the Holder the amount, if any, by which (A) the total purchase price paid for Common Stock as a result of the Buy-In (including brokerage commissions, if any) exceeds (B) the product of (1) the number of shares of Common Stock that the Corporation was required to deliver to the Holder in connection with the conversion at issue multiplied by (2) the price at which the sell order giving rise to such purchase obligation was executed. The Holder shall provide the Corporation written notice indicating the amounts payable to the Holder in respect of the Buy-In. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity, including a decree of specific performance and/or injunctive relief with respect to the Corporation's failure to timely deliver certificates representing the Conversion Shares as required pursuant to the terms hereof.

(e) No Fractional Shares. In the event a fractional share of Common Stock would be issued on conversion, the Corporation will, in lieu of issuing any fractional share of Common Stock that would otherwise be issuable upon such conversion, pay a cash adjustment in respect of such fraction in an amount equal to the product of (i) such fraction, multiplied by (ii) the arithmetic average of the Volume Weighted Average Price of the Common Stock for the ten (10) Trading Days immediately prior to the applicable Conversion Date. No Holder of Series A Preferred Stock will be entitled to receive any fraction of a share of Common Stock or a stock certificate representing a fraction of a share of Common Stock if such amount of cash is paid in lieu thereof.

(f) Beneficial Ownership Limitation. The Corporation may not issue to a Holder of shares of Series A Preferred Stock, upon conversion of such of Series A Preferred Stock, a number of shares of Common Stock that would cause such Holder to beneficially own, in the aggregate, a number of shares of the Corporation's capital stock that represents in excess of 19.99% of the Corporation's aggregate number of shares of Common Stock outstanding after the issuance of such shares or the Corporation's voting power outstanding after the issuance of such shares (collectively, the "***Hard Cap***"), unless (a) the Corporation obtains the approval of its stockholders as required by the applicable rules of the Principal Market for issuances of shares of Common Stock in excess of such amount or (b) the Corporation is not subject to rules of the Principal Market limiting issuances of shares of Common Stock in excess of such amount without stockholder approval; provided that such Holder and its Affiliates shall be entitled to convert any number of shares of Series A Preferred Stock as would result in such Holder and its Affiliates to beneficially own, in the aggregate, an amount of shares of Common Stock (after giving effect to the conversion) being equal to or less than the Hard Cap; provided, further, that the Corporation shall have the option to deliver, upon the applicable Holder's request, in lieu of any shares of Common Stock otherwise deliverable upon conversion in excess of the Hard Cap, an amount in cash per share (or other consideration that is mutually acceptable to such Holder and the Corporation) equal to the Volume Weighted Average Price per share of Common Stock on the Trading Day immediately preceding the applicable Conversion Date (such cash amount, the "***Excess Amount***").

Section 8 Adjustment of Conversion Rate.

(a) Adjustments. The Series A Conversion Rate shall be subject to adjustment from time to time as set forth below upon the occurrence of the following events, except that the Corporation shall not make any adjustment to the Series A Conversion Rate if Holders of the Series A Preferred Stock participate (solely as a result of holding shares of Series A Preferred Stock, and at the same time and upon the same terms as holders of Common Stock) in any of the transactions described in this Section 8(a) as if they held a number of shares of Common Stock equal to the Series A Conversion Rate multiplied by the number of shares of Series A Preferred Stock held by such Holders, without having to convert their Series A Preferred Stock:

(i) The issuance of Common Stock as a dividend or distribution to holders of Common Stock, or a subdivision or combination of Common Stock or a reclassification of Common Stock into a greater or lesser number of shares of Common Stock, in which event the Series A Conversion Rate shall be adjusted based on the following formula:

$$CR_1 = CR_0 \times (OS_1 / OS_0)$$

CR_0 = the Series A Conversion Rate in effect (A) immediately prior to the close of business on the Record Date for such dividend or distribution, or (B) immediately prior to the open of business on the effective date of such subdivision, combination or reclassification.

CR_1 = the new Series A Conversion Rate in effect (A) immediately after the close of business on the Record Date for such dividend or distribution, or (B) immediately after the open of business on the effective date of such subdivision, combination or reclassification.

OS_0 = the number of shares of Common Stock outstanding (A) immediately prior to the close of business on the Record Date for such dividend or distribution or (B) immediately prior to the open of business on the effective date of such subdivision, combination or reclassification.

OS_1 = the number of shares of Common Stock that would be outstanding immediately after, and solely as a result of, the completion of such event.

Any adjustment made pursuant to this clause (i) shall become effective immediately after the close of business on the Record Date for such dividend or distribution, or immediately after the open of business on the effective date of such subdivision, combination or reclassification, as the case may be. If any such event is announced or declared but does not occur, the Series A Conversion Rate shall be readjusted, effective as of the date the board of directors of the Corporation announces that such event shall not occur, to the Series A Conversion Rate that would then be in effect if such event had not been declared.

(ii) The dividend, distribution or other issuance to all or substantially all holders of Common Stock of rights (other than rights, options or warrants distributed in connection with a stockholder rights plan (in which event the provisions of Section 8(a)(vii) shall apply)), Options or warrants entitling them to subscribe for or purchase shares of Common Stock for a period expiring forty-five (45) days or less from the date of issuance thereof, at a price per share that is less than the Current Market Price as of the Record Date for such issuance, in which event the Series A Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times [(OS_0+X) / (OS_0+Y)]$$

CR_0 = the Series A Conversion Rate in effect immediately prior to the close of business on the Record Date for such dividend, distribution or issuance.

CR_1 = the new Series A Conversion Rate in effect immediately after the close of business on the Record Date for such dividend, distribution or issuance.

OS_0 = the number of shares of Common Stock outstanding immediately prior to the close of business on the Record Date for such dividend, distribution or issuance.

X = the total number of shares of Common Stock issuable pursuant to such rights, Options or warrants.

Y = the number of shares of Common Stock equal to the aggregate price payable to exercise such rights, Options or warrants divided by the Current Market Price as of the Record Date for such dividend, distribution or issuance.

For purposes of this clause (ii), in determining whether any rights, Options or warrants entitle the holders to subscribe for or purchase shares of Common Stock at a price per share that is less than the Current Market Price as of the Record Date for such dividend, distribution or issuance, there shall be taken into account any consideration the Corporation receives for such rights, Options or warrants, and any amount payable on exercise thereof, with the value of such consideration, if other than cash, to be the Fair Market Value thereof.

Any adjustment made pursuant to this clause (ii) shall become effective immediately following the close of business on the Record Date for such dividend, distribution or issuance. In the event that such rights, Options or warrants are not so issued, the Series A Conversion Rate shall be readjusted, effective as of the date the board of directors of the Corporation publicly announces its decision not to issue such rights, Options or warrants, to the Series A Conversion Rate that would then be in effect if such dividend, distribution or issuance had not been declared. To the extent that such rights, Options or warrants are not exercised prior to their expiration or shares of Common Stock are otherwise not delivered pursuant to such rights, Options or warrants upon the exercise of such rights, Options or warrants, the Series A Conversion Rate shall be readjusted to the Series A Conversion Rate that would then be in effect had the adjustments made upon the dividend, distribution or issuance of such rights, Options or warrants been made on the basis of the delivery of only the number of shares of Common Stock actually delivered.

(iii) The Corporation or one or more of its subsidiaries purchases Common Stock pursuant to a tender offer or exchange offer (other than an exchange offer that constitutes a Distribution Transaction subject to Section 8(a)(v)) by the Corporation or a subsidiary of the Corporation for all or any portion of the Common Stock, or otherwise acquires Common Stock (except in an open market purchase in compliance with Rule 10b-18 promulgated under the Exchange Act) (a "***Covered Repurchase***"), if the cash and value of any other consideration included in the payment per share of Common Stock tendered, exchanged or otherwise acquired through a Covered Repurchase exceeds the arithmetic average of the Volume Weighted Average Price per share of Common Stock for each of the ten (10) consecutive Trading Days commencing on, and including, the Trading Day next succeeding the last day on which tenders or exchanges may be made pursuant to such tender or exchange offer (as it may be amended) or shares of Common Stock are otherwise acquired through a Covered Repurchase (the "***Expiration Date***"), in which event the Series A Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times [(FMV + (SP_1 \times OS_1)) / (SP_1 \times OS_0)]$$

CR_0 = the Series A Conversion Rate in effect immediately prior to the close of business on the Expiration Date.

CR_1 = the new Series A Conversion Rate in effect immediately after the close of business on the Expiration Date.

FMV = the Fair Market Value, on the Expiration Date, of all cash and any other consideration paid or payable for all shares of Common Stock tendered or exchanged and not withdrawn, or otherwise acquired through a Covered Repurchase, as of the Expiration Date.

OS_0 = the number of shares of Common Stock outstanding immediately prior to the last time tenders or exchanges may be made pursuant to such tender or exchange offer (including the shares to be purchased in such tender or exchange offer) or shares are otherwise acquired through a Covered Repurchase.

OS_1 = the number of shares of Common Stock outstanding immediately after the last time tenders or exchanges may be made pursuant to such tender or exchange offer (after giving effect to the purchase of shares in such tender or exchange offer) or shares are otherwise acquired through a Covered Repurchase.

SP_1 = the arithmetic average of the Volume Weighted Average Price per share of Common Stock for each of the ten (10) consecutive Trading Days commencing on, and including, the Trading Day next succeeding the Expiration Date.

Such adjustment shall become effective immediately after the close of business on the Expiration Date. If an adjustment to the Series A Conversion Rate is required under this Section 8(a)(iii), delivery of any additional shares of Common Stock that may be deliverable upon conversion as a result of an adjustment required under this Section 8(a)(iii) shall be delayed to the extent necessary in order to complete the calculations provided for in this Section 8(a)(iii).

In the event that the Corporation or any of its subsidiaries is obligated to purchase Common Stock pursuant to any such tender offer, exchange offer or other commitment to acquire shares of Common Stock through a Covered Repurchase but is permanently prevented by applicable law from effecting any such purchases, or all such purchases are rescinded, then the Series A Conversion Rate shall be readjusted to be the Series A Conversion Rate that would have been then in effect if such tender offer, exchange offer or Covered Repurchase had not been made.

(iv) The Corporation shall, by dividend or otherwise, distribute to all or substantially all holders of its Common Stock (other than for cash in lieu of fractional shares), shares of any class of its capital stock, evidences of its indebtedness, assets, other property or securities, but excluding (A) dividends or distributions referred to in Section 8(a)(i) or Section 8(a)(ii) hereof, (B) Distribution Transactions as to which Section 8(a)(v) shall apply, (C) dividends or distributions paid exclusively in cash as to which Section 8(a)(vi) shall apply and (D) rights, Options or warrants distributed in connection with a stockholder rights plan as to which Section 8(a)(vii) shall apply (any of such shares of its capital stock, indebtedness, assets or property that are not so excluded are hereinafter called the "***Distributed Property***"), then, in each such case the Series A Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times [SP_0 / (SP_0 - FMV)]$$

CR_0 = the Series A Conversion Rate in effect immediately prior to the close of business on the Record Date for such dividend or distribution.

CR_1 = the new Series A Conversion Rate in effect immediately after the close of business on the Record Date for such dividend or distribution.

SP_0 = the Current Market Price as of the Record Date for such dividend or distribution.

FMV = the Fair Market Value of the portion of Distributed Property distributed with respect to each outstanding share of Common Stock on the Record Date for such dividend or distribution; provided that, if FMV is equal or greater than SP_0 (as defined above), then in lieu of the foregoing adjustment, the Corporation shall distribute to each holder of Series A Preferred Stock on the date the applicable Distributed Property is distributed to holders of Common Stock, but without requiring such holder to convert its shares of Series A Preferred Stock, in respect of each share of Series A Preferred Stock held by such holder, the amount of Distributed Property such holder would have received had such holder owned a number of shares of Common Stock equal to the Series A Conversion Rate on the Record Date for such dividend or distribution.

Any adjustment made pursuant to this clause (iv) shall become effective immediately after the close of business on the Record Date for such dividend or distribution. If any such dividend or distribution is declared but does not occur, the Series A Conversion Rate shall be readjusted, effective as of the date the board of directors of the Corporation announces that such dividend or distribution shall not occur, to the Series A Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(v) The Corporation effects a Distribution Transaction, in which case the Series A Conversion Rate in effect immediately prior to the effective date of the Distribution Transaction shall be increased based on the following formula:

$$CR_1 = CR_0 \times [(FMV + MP_0) / MP_0]$$

CR_0 = the Series A Conversion Rate in effect immediately prior to the open of business on the effective date of the Distribution Transaction.

CR_1 = the new Series A Conversion Rate in effect immediately after the open of business on the effective date of the Distribution Transaction.

FMV = the arithmetic average of the Volume Weighted Average Price for a share of the capital stock or other interest distributed to holders of Common Stock on the principal United States securities exchange or automated quotation system on which such capital stock or other interest trades, as reported by Bloomberg (or, if Bloomberg ceases to publish such price, any successor service chosen by the Corporation) in respect of the period from the open of trading on the relevant Trading Day until the close of trading on such Trading Day (or if such volume-weighted average price is unavailable, the market price of one share of such capital stock or other interest on such Trading Day determined, using a volume-weighted average method, by an Independent Financial Advisor retained for such purpose by the Corporation), for each of the ten (10) consecutive Trading Days commencing with, and including, the effective date of the Distribution Transaction.

MP_0 = the arithmetic average of the Volume Weighted Average Price per share of Common Stock for each of the ten (10) consecutive Trading Days commencing on, and including, the effective date of the Distribution Transaction.

Such adjustment shall become effective immediately following the open of business on the effective date of the Distribution Transaction. If an adjustment to the Series A Conversion Rate is required under this Section 8(a)(v), delivery of any additional shares of Common Stock that may be deliverable upon conversion as a result of an adjustment required under this Section 8(a)(v) shall be delayed to the extent necessary in order to complete the calculations provided for in this Section 8(a)(v).

(vi) The Corporation makes a cash dividend or distribution to all or substantially all holders of the Common Stock, the Series A Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times [SP_0 / (SP_0 - C)]$$

CR_0 = the Series A Conversion Rate in effect immediately prior to the close of business on the Record Date for such dividend or distribution.

CR_1 = the new Series A Conversion Rate in effect immediately after the close of business on the Record Date for such dividend or distribution.

SP_0 = the Current Market Price as of the Record Date for such dividend or distribution.

C = the amount in cash per share of Common Stock the Corporation pays or distributes to all or substantially all holders of its Common Stock; provided that, if C is equal to or greater than SP_0 (as defined above), then in lieu of the foregoing adjustment, the Corporation shall pay to each Holder of Series A Preferred Stock on the date the applicable cash dividend or distribution is made to holders of Common Stock, but without requiring such Holder to convert its shares of Series A Preferred Stock, in respect of each share of Series A Preferred Stock held by such Holder, the amount of cash such Holder would have received had such Holder owned a number of shares of Common Stock equal to the Series A Conversion Rate on the Record Date for such dividend or distribution.

Any adjustment made pursuant to this clause (vi) shall become effective immediately after the close of business on the Record Date for such dividend or distribution. If any dividend or distribution is declared but not paid, the Series A Conversion Rate shall be readjusted, effective as of the date the board of directors of the Corporation announces that such dividend or distribution will not be paid, to the Series A Conversion Rate that would then be in effect if such had dividend or distribution not been declared.

(vii) If the Corporation has a stockholder rights plan in effect with respect to the Common Stock on any Conversion Date, upon conversion of any shares of the Series A Preferred Stock, Holders of such shares will receive, in addition to the applicable number of shares of Common Stock, the rights under such rights plan relating to such Common Stock, unless, prior to such Conversion Date, the rights have (i) become exercisable or (ii) separated from the shares of Common Stock (the first of such events to occur, a "***Trigger Event***"), in which case, the Series A Conversion Rate will be adjusted, effective automatically at the time of such Trigger Event, as if the Corporation had made a distribution of such rights to all holders of the Corporation Common Stock as described in Section 8(a)(ii) (without giving effect to the forty-five (45)-day limit on the exercisability of rights, Options or warrants ordinarily subject to such Section 8(a)(ii)), subject to appropriate readjustment in the event of the expiration, termination or redemption of such rights prior to the exercise, deemed exercise or exchange thereof. Notwithstanding the foregoing, to the extent any such stockholder rights are exchanged by the Corporation for shares of Common Stock or other property or securities, the Series A Conversion Rate shall be appropriately readjusted as if such stockholder rights had not been issued, but the Corporation had instead issued such shares of Common Stock or other property or securities as a dividend or distribution of shares of Common Stock pursuant to Section 8(a)(i) or Section 8(a)(iv), as applicable.

To the extent that such rights are not exercised prior to their expiration, termination or redemption, the Series A Conversion Rate shall be readjusted to the Series A Conversion Rate that would then be in effect had the adjustments made upon the occurrence of the Trigger Event been made on the basis of the issuance of, and the receipt of the exercise price with respect to, only the number of shares of Common Stock actually issued pursuant to such rights.

(b) Calculation of Adjustments. All adjustments to the Series A Conversion Rate shall be calculated by the Corporation to the nearest 1/10,000th of one share of Common Stock (or if there is not a nearest 1/10,000th of a share, to the next lower 1/10,000th of a share). No adjustment to the Series A Conversion Rate will be required unless such adjustment would require an increase or decrease of at least one percent (1.00%) of the Series A Conversion Rate; provided, however, that any such adjustment that is not required to be made will be carried forward and taken into account in any subsequent adjustment; provided, further, that any such adjustment of less than one percent (1.00%) that has not been made will be made upon any Conversion Date or redemption or repurchase date. All calculations under this Section 8(b) shall be to the nearest cent.

(c) When No Adjustment Required.

(i) Except as otherwise provided in this Section 8, the Series A Conversion Rate will not be adjusted for the issuance of Common Stock or any securities convertible into or exchangeable for Common Stock or carrying the right to purchase any of the foregoing, or for the repurchase of Common Stock.

(ii) Except as otherwise provided in this Section 8, the Series A Conversion Rate will not be adjusted as a result of the issuance of, the distribution of separate certificates representing, the exercise or redemption of, or the termination or invalidation of, rights pursuant to any stockholder rights plans.

(iii) No adjustment to the Series A Conversion Rate will be made:

(A) upon the issuance of any shares of Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on securities of the Corporation and the investment of additional optional amounts in Common Stock under any plan in which purchases are made at market prices on the date or dates of purchase, without discount, and whether or not the Corporation bears the ordinary costs of administration and operation of the plan, including brokerage commissions;

(B) upon the issuance of any shares of Common Stock or options or rights to purchase such shares pursuant to any present or future employee, director or consultant benefit plan or program or employee stock purchase plan of or assumed by the Corporation or any of its subsidiaries;

(C) upon the issuance of any shares of Common Stock pursuant to any option, warrant, right, or exercisable, exchangeable or convertible security not described in the immediately preceding clause (B) and outstanding as of the Series A Closing Date, including the Series A Preferred Stock; or

(D) solely for a change in the par value of the Common Stock.

(d) Successive Adjustments. After an adjustment to the Series A Conversion Rate under this Section 8, any subsequent event requiring an adjustment under this Section 8 shall cause an adjustment to each such Series A Conversion Rate as so adjusted.

(e) Multiple Adjustments. For the avoidance of doubt, if an event occurs that would trigger an adjustment to the Series A Conversion Rate pursuant to this Section 8 under more than one subsection hereof, such event, to the extent fully taken into account in a single adjustment, shall not result in multiple adjustments hereunder; provided, however, that if more than one subsection of this Section 8 is applicable to a single event, the subsection that produces the largest adjustment shall be applied.

(f) Notice of Adjustments. Whenever the Series A Conversion Rate is adjusted as provided under this Section 8, the Corporation shall as soon as reasonably practicable (and in no event later than fifteen (15) days) following the occurrence of an event that requires such adjustment (or if the Corporation is not aware of such occurrence, as soon as reasonably practicable after becoming so aware):

(i) compute the adjusted applicable Series A Conversion Rate in accordance with this Section 8 and prepare and transmit to the Conversion Agent an Officer's Certificate setting forth the applicable Series A Conversion Rate, the method of calculation thereof, and the facts requiring such adjustment and upon which such adjustment is based; and

(ii) provide a written notice to the Holders of the occurrence of such event and a statement in reasonable detail setting forth the method by which the adjustment to the applicable Series A Conversion Rate was determined and setting forth the adjusted applicable Series A Conversion Rate.

(g) Conversion Agent. The Conversion Agent shall not at any time be under any duty or responsibility to any Holder to determine whether any facts exist that may require any adjustment of the Series A Conversion Rate or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed in making the same. The Conversion Agent shall be fully authorized and protected in relying on any Officer's Certificate delivered pursuant to this Section 8(g) and any adjustment contained therein, and the Conversion Agent shall not be deemed to have knowledge of any adjustment unless and until it has received such certificate. The Conversion Agent shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any securities or property, that may at the time be issued or delivered with respect to any Series A Preferred Stock, and the Conversion Agent makes no representation with respect thereto. The Conversion Agent shall not be responsible for any failure of the Corporation to issue, transfer or deliver any shares of Common Stock pursuant to the conversion of Series A Preferred Stock or to comply with any of the duties, responsibilities or covenants of the Corporation contained in this Section 8.

(h) Adjustment for Merger or Reorganization, Etc. Subject to the provisions in Section 16(b), if there shall occur any reorganization, recapitalization, consolidation or merger involving the Corporation in which the Common Stock is converted into or exchanged for securities, cash or other property (including any combination thereof but excluding a merger solely for the purpose of changing the Corporation's jurisdiction of incorporation), then, following any such reorganization, recapitalization, consolidation or merger, each share of Series A Preferred Stock shall be convertible in lieu of the Common Stock into which it was convertible prior to such event into the kind and amount of securities, cash or other property which a holder of the number of shares of Common Stock of the Corporation issuable upon conversion of one share of Series A Preferred Stock immediately prior to such reorganization, recapitalization, consolidation or merger would have been entitled to receive pursuant to such transaction; and in such case, appropriate adjustment (as reasonably determined in good faith by a majority of the board of directors of the Corporation, or an authorized committee thereof, including in any such case the approval of the Series A Director) shall be made in the application of the provisions in this Section 8 with respect to the rights and interests thereafter of the Holders, to the end that the provisions set forth in this Section 8 (including provisions with respect to changes in and other adjustments of the Series A Conversion Rate) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of the Series A Preferred Stock. In the event holders of Common Stock have the opportunity to elect the form of consideration to be received in any transaction described by this Section 8, the Corporation shall make adequate provision whereby the Holders shall have a reasonable opportunity to determine the form of consideration into which all of the Series A Preferred Stock, treated as a single class, shall be convertible from and after the effective date of such transaction. The determination: (i) will be made by Holders representing a majority of the shares of Series A Preferred Stock participating in such determination, (ii) will be subject to any limitations to which all of the holders of Common Stock are subject, including *pro rata* reductions applicable to any portion of the consideration payable in such transaction and (iii) will be conducted in such a manner as to be completed by the date which is the earlier of: (A) the deadline for elections to be made by holders of Common Stock, and (B) two (2) Trading Days prior to the anticipated effective date of such transaction.

Section 9 Notices. (a) Upon any adjustment of the Series A Conversion Rate or the number of Conversion Shares, then, and in each such case, the Corporation shall give written notice thereof by first-class mail, postage prepaid, return receipt requested, addressed to each Holder of Series A Preferred Stock at the address of such Holder as shown on the records of the Corporation or the Transfer Agent, as applicable, which notice shall state the Series A Conversion Rate resulting from such adjustment, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

(b) In addition, in case at any time:

(i) the Corporation shall declare any dividend upon its Common Stock payable in cash or stock or make any other distribution to the holders of its Common Stock;

(ii) the Corporation shall offer for subscription *pro rata* to the holders of its Common Stock any additional shares of such stock of any class or other rights;

(iii) there shall be any capital reorganization or reclassification of the capital stock of the Corporation, or a share exchange, consolidation or merger of the Corporation with or into, or a sale of all or substantially all its assets to, another Person;

(iv) there shall be any Liquidation; or

(v) there shall be any Fundamental Change;

then, in any one or more of said cases, the Corporation shall give, by first-class mail, postage prepaid, return receipt requested, addressed to each Holder at the address of such Holder as shown on the records of the Corporation or the Transfer Agent, as applicable, (A) at least twenty (20) days' prior written notice of the date on which the books of the Corporation shall close or a record shall be taken for such dividend, distribution or subscription rights or for determining rights to vote in respect of any such reorganization, reclassification, consolidation, merger, sale, Fundamental Change or Liquidation, and (B) in the case of any such reorganization, reclassification, consolidation, merger, sale, Fundamental Change or Liquidation, at least thirty (30) days' prior written notice of the date when the same shall take place. Such notice in accordance with the foregoing clause (A) shall also specify, in the case of any such dividend, distribution or subscription rights, the date on which the holders of Common Stock shall be entitled thereto, and such notice in accordance with the foregoing clause (B) shall also specify the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, Fundamental Change or Liquidation, as the case may be.

Section 10 Stock to be Reserved. The Corporation shall at all times reserve and keep available out of its authorized but unissued Common Stock solely for the purpose of issuance upon the conversion of the Series A Preferred Stock as herein provided, such number of shares of Common Stock as shall then be issuable upon the conversion of all outstanding shares or fractions of shares of Series A Preferred Stock. All shares of Common Stock which shall be so issued shall be duly authorized, validly issued, fully paid and nonassessable and shall be free of any restrictions on transfer (other than restrictions on transfer arising under applicable federal and state securities laws) and shall be free and clear from all taxes, liens, encumbrances, duties and charges arising out of or by reason of the issue thereof, and shall be approved for listing on the NASDAQ Global Select Market if shares of Common Stock generally are so listed (or any other national securities exchange on which the Common Stock is listed). The Corporation shall take all actions as may be necessary to assure that all such shares of Common Stock may be so issued without violation of any applicable law or regulation, or of any requirements of any national securities exchange upon which the Common Stock of the Corporation may be listed.

Section 11 Effect of Reacquisition of Shares Upon Redemption, Repurchase, Conversion or Otherwise. Shares of Series A Preferred Stock that have been issued and reacquired in any manner, whether by redemption, repurchase or otherwise or upon any conversion of shares of Series A Preferred Stock to Common Stock, shall thereupon be retired and shall have the status of authorized and unissued shares of preferred stock of the Corporation undesignated as to series, and may be redesignated as any series of preferred stock of the Corporation and reissued.

Section 12 Issue Taxes and Fees. The issuance or delivery of certificates, if any, for shares of Common Stock upon conversion of the Series A Preferred Stock or for any shares of Series A Preferred Stock shall be made without charge to the holders thereof for any issuance tax, stamp tax, documentary tax, transfer tax, duty or charge in respect thereof, provided that the Corporation shall not be required to pay any tax, duty or charge which may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the holder of the Series A Preferred Stock which is being converted.

Section 13 Closing of Books. The Corporation will at no time close its transfer books against the transfer of any Series A Preferred Stock or of any shares of Common Stock issued or issuable upon the conversion of any shares of Series A Preferred Stock in any manner which interferes with the timely conversion of such Series A Preferred Stock.

Section 14 Voting. In addition to any class voting rights provided by law, by the Certificate of Incorporation or the bylaws of the Corporation or by this Certificate of Amendment, the Holders of Series A Preferred Stock shall have the right to vote together with the holders of Common Stock as a single class on any matter on which the holders of Common Stock (and, if applicable, holders of any other class or series of capital stock of the Corporation) are entitled to vote or to consent (including the election of directors), whether at a meeting or by written consent. With respect to the voting rights of the Holders of the Series A Preferred Stock, each Holder of Series A Preferred Stock shall be entitled to cast one vote for each share of Common Stock that, subject to the limitations set forth in Section 7(f) but without regard as to whether sufficient shares of Common Stock are available out of the Corporation's authorized but unissued stock, would be issuable to such Holder upon the conversion of all the shares of Series A Preferred Stock held by such Holder on the record date for the determination of shareholders entitled to vote or consent (or if no such record date is established, at and as of the date such vote or consent is taken or any written consent of shareholders is first executed) at a conversion rate the numerator of which is the Series A Stated Value for each share of Series A Preferred Stock and the denominator of which is the Series A Conversion Price. The Holders of shares of Series A Preferred Stock shall be entitled to notice of any meeting of the shareholders of the Corporation in accordance with the applicable provisions of the Certificate of Incorporation or the bylaws of the Corporation.

Section 15 Certain Restrictions. In addition to any other vote of the Holders required by law, by the Certificate of Incorporation or the bylaws of the Corporation or by this Certificate of Amendment, so long as any shares or fraction of a share of Series A Preferred Stock remain outstanding, without the prior written consent or affirmative vote of the Required Series A Holders, given in writing or by vote at a meeting called for that purpose, consenting or voting (as the case may be) separately as a class, the Corporation shall not directly or indirectly (and any such act taken or transaction entered into without such consent or vote shall be null and void *ab initio* and of no force and effect):

(a) (i) authorize, create, designate, establish or issue (whether by merger, consolidation, operation of law or otherwise) (A) an increased number of shares of Series A Preferred Stock, or (B) any other class or series of capital stock ranking senior to or on parity with the Series A Preferred Stock as to dividend rights or rights on the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation or (ii) reclassify any shares of Common Stock into shares having any preference or priority as to dividend rights or rights on the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation superior to or on parity with any such preference or priority of the Series A Preferred Stock;

(b) amend, modify, restate, alter or repeal (whether by merger, consolidation, operation of law or otherwise) any of the powers, designations, privileges, preferences or other rights of the Series A Preferred Stock;

(c) amend, modify, restate, alter or repeal (whether by merger, consolidation, operation of law or otherwise) any provision of the Certificate of Incorporation or the bylaws of the Corporation in a manner which would have an adverse effect on any of the powers, designations, privileges, preferences or other rights of the Series A Preferred Stock or the Holders thereof;

(d) declare or pay any dividend or distribution on, or directly or indirectly purchase, redeem, repurchase or otherwise acquire or permit any subsidiary of the Corporation to redeem, repurchase or acquire, any Junior Securities if there are any declared or accrued and unpaid Series A Preferred Dividends or Additional Series A Dividends other than (i) payment of dividends in additional shares of Common Stock of the Corporation that are subject to Section 8 or (ii) repurchases of shares of Common Stock from former directors, officers or employees who performed services for the Corporation in connection with the cessation of such employment or service in accordance with the terms of the Corporation's stock plans and underlying agreements existing as of the Series A Closing Date pursuant to which such shares of Common Stock were awarded or otherwise issued or in accordance with the terms of stock plans and underlying agreements that were approved by a majority of the board of directors of the Corporation, including in any such case the approval of the Series A Director;

(e) (i) incur, assume or suffer to exist any indebtedness or (ii) enter into any agreement the terms of which prohibit any redemption or conversion of the Series A Preferred Stock, other than in the case of clause (i) indebtedness (A) procured from secured lenders of the Corporation holding outstanding indebtedness of the Corporation as of the Series A Closing Date in an aggregate amount not to exceed the maximum amount of credit provided for pursuant to the credit agreement with such secured lender as in effect on and as of the Series A Closing Date ("***Senior Secured Debt Agreement***") and (B) any indebtedness permitted to be incurred under the Senior Secured Debt Agreement;

(f) create any subsidiary that is not one hundred percent (100%) owned by the Corporation or another one hundred percent (100%) owned subsidiary of the Corporation, except in the event that such subsidiary is created by approval of a majority of the board of directors of the Corporation, including in any such case the approval of the Series A Director;

(g) effect any voluntary petition under any applicable federal or state bankruptcy or insolvency law; or

(h) agree to do any of the foregoing.

Section 16 Redemption.

(a) Redemption Right.

(i) From and after November 14, 2024, the Corporation shall have the right, at the Corporation's option, to redeem for cash on a *pro rata* basis all or any portion of each Holder's shares of Series A Preferred Stock at a per share price equal to the Series A Liquidation Preference in effect on the Redemption Date (the "***Series A Redemption Price***").

(ii) The Corporation may exercise its redemption right pursuant Section 16(a)(i) by delivering to the applicable Holder of shares of Series A Preferred Stock at the address for such Holder shown on the records of the Corporation or the Transfer Agent, as applicable, a written notice stating (A) the Corporation's intention to exercise its redemption right, (B) the aggregate number of such Holder's shares of Series A Preferred Stock to be redeemed, (C) the applicable Series A Redemption Price, and (D) the proposed place and date of such redemption (the "***Redemption Notice***").

(iii) The Corporation shall mail the Redemption Notice by first-class or registered mail, postage prepaid, return receipt requested, to each applicable Holder of shares of Series A Preferred Stock at the address for such Holder shown on the records of the Corporation or the Transfer Agent, as applicable, at least ninety (90) days prior to the proposed date of redemption set forth in the Redemption Notice.

(b) In the event of a Fundamental Change, unless waived by the Required Series A Holders, each Holder shall have the right, at the Holder's sole option, to require the Corporation (or its successor) to redeem all or any portion of such Holder's shares of Series A Preferred Stock at a price equal to the Series A Redemption Price by delivery of a written notice to the Corporation (the "***Redemption Request***") at least fifteen (15) days prior to the proposed date of redemption set forth in the Redemption Request; provided that in the event that such Fundamental Change is a merger involving the Corporation in which all the Common Stock is solely converted into or exchanged for shares of capital stock of another Person (a "***Stock Merger***"), the Holders of shares of Series A Preferred Stock shall not have the right to require the Corporation to redeem all or any portion of such Holder's shares of Series A Preferred Stock pursuant to this Section 16(b) if, and only if (the "***Stock Merger Conditions***"):

(i) the VWAP (with references to the Principal Market in the definition of VWAP being in this case to the principal national trading market for the shares of capital stock of such other Person) on the date on which such Stock Merger is publicly announced for each share of the stock consideration payable to the holders of Common Stock in such Stock Merger per share of Common Stock inclusive of the shares of Common Stock issuable upon conversion of the Series A Preferred Stock is equal to or greater than 2.25 times the Series A Conversion Price (such price, the "***Stock Merger Price***");

(ii) all the stock consideration payable to the holders of Common Stock in such Stock Merger is listed on any of the New York Stock Exchange, the NASDAQ Global Select Market or the NASDAQ Global Market (or any of their respective successors) or another U.S. national securities exchange (and not subject to any ongoing or pending delisting proceedings);

(iii) the average trading volume of the stock consideration payable to the holders of Common Stock in such Stock Merger for the preceding twenty (20) consecutive Trading Days to the date on which such Stock Merger is publicly announced is equal to or greater than the average trading volume of the shares of Common Stock for the preceding twenty (20) consecutive Trading Days to the date on which such Stock Merger is publicly announced on the Principal Market; and

(iv) the dollar amount on a per share basis of the stock consideration payable to the holders of Common Stock in such Stock Merger (calculated based on the product of (A) the number of such shares of capital stock to be received by a Holder in such Stock Merger multiplied by (B) the Stock Merger Price) is greater than the dollar amount on a per share basis resulting from the product of (1) the number of shares of Common Stock as would have been issuable to a Holder had all shares of Series A Preferred Stock held by such Holder been converted immediately prior to the date on which such Stock Merger is publicly announced at the Series A Conversion Rate multiplied by (2) the average Closing Price of the Common Stock for the twenty (20) Trading Days immediately prior to the date on which such Stock Merger is publicly announced;

in which case, and to the extent that such Stock Merger shall occur or become effective and each of the Stock Merger Conditions has been satisfied in full, the terms of Section 8(h) shall apply to any such Holders of shares of Series A Preferred Stock and such Holders of shares of Series A Preferred Stock shall have the right to receive the kind and amount of shares of capital stock of such other Person which a holder of the number of shares of Common Stock issuable upon conversion of one share of Series A Preferred Stock immediately prior to the date on which such Stock Merger occurs or becomes effective would have been entitled to receive pursuant to such Stock Merger.

(c) The Corporation shall pay to such Holder the applicable Series A Redemption Price by wire transfer of immediately available funds on the redemption date set forth in the Redemption Notice or Redemption Request, as applicable. The Corporation shall remain liable for the payment of the applicable Series A Redemption Price with respect to the shares of Series A Preferred Stock to be redeemed to the extent such amounts are not promptly paid in full as provided herein.

(d) Shares of Series A Preferred Stock to be redeemed on the redemption date set forth in the Redemption Notice or Redemption Request, as the case may be, will from and after such redemption date, no longer be deemed to be outstanding; and all powers, designations, privileges, preferences and other rights of the holder thereof as a holder of shares of Series A Preferred Stock (except the right to receive from the Corporation the applicable Series A Redemption Price) shall cease and terminate with respect to such shares; provided that in the event that a share of Series A Preferred Stock is not redeemed due to a default in payment by the Corporation or because the Corporation is otherwise unable to pay the applicable Series A Redemption Price in full, such share of Series A Preferred Stock shall remain outstanding and shall be entitled to all of the powers, designations, privileges, preferences and other rights as provided herein.

(e) Any redemption of shares of Series A Preferred Stock pursuant to this Section 16 (such redemption, the "***Redemption***") shall be payable out of any cash legally available therefor. At the time of the Redemption, the Corporation shall take all actions required or permitted under New Jersey law to permit the Redemption and to make funds legally available for such Redemption. If the funds of the Corporation legally available for Redemption on any redemption date are insufficient to redeem all the shares of the Series A Preferred Stock being redeemed by the Corporation on such date, those funds which are legally available shall be used first to redeem, on a *pro rata* basis from the Holders thereof based on the number of shares of Series A Preferred Stock then held, the maximum possible number of shares of the Series A Preferred Stock being redeemed in accordance with the aggregate redemption proceeds payable with respect to the shares of Series A Preferred Stock to be redeemed. At any time thereafter when additional funds of the Corporation become legally available for the redemption of the Series A Preferred Stock, such funds shall be used to redeem the balance of the shares of Series A Preferred Stock which the Corporation was theretofore obligated to redeem as provided in the immediately preceding sentence.

(f) Notwithstanding anything to the contrary in this Certificate of Amendment, at any time after delivering a request for redemption pursuant to Section 16(a)(i) or the receipt by a Holder of a notice of redemption from the Corporation pursuant toSection 16(b) and prior to receipt of the redemption price therefor, such Holder shall be permitted to convert any or all of its shares of Series A Preferred Stock, including any shares subject to a Redemption Notice or Redemption Request, as applicable, in the manner contemplated by Section 5 and Section 7.

Section 17 Series A Director.

(a) Series A Directors. Each Person appointed or elected to the board of directors of the Corporation by the Holders is referred to herein as a "***Series A Director***". The initial Series A Director shall be John A. Bartholdson, to serve until at least the 2020 annual meeting of the Corporation's shareholders.

(b) Election; Removal; Replacement.

(i) The Holders, voting separately as a class, shall have the right at each annual meeting of the shareholders of the Corporation or at any special meeting called for the purpose of electing directors, to elect the Series A Director as set forth in this Section 17(b). Prior to the Series A Closing Date, the board of directors of the Corporation and all applicable committees thereof shall have taken all necessary actions to, effective as of the Series A Closing Date, increase the number of directors of the board of directors of the Corporation by one (1) and appoint the initial Series A Director, designated by the Holders pursuant to Section 17(a), as a director of the Corporation and a member of each committee of the board of directors of the Corporation (which appointment shall be effective as of the Series A Closing Date); provided that the Series A Director may decline to serve on any committee of the Corporation at any time; provided, further, that the Series A Director may request at any time to be added or re-appointed to any committee of the Corporation. The Series A Director appointed or elected to the board of directors of the Corporation shall continue to hold office until the next annual meeting of the shareholders of the Corporation and until his or her successor is elected and qualified in accordance with this Section 17(b)(i) and the bylaws of the Corporation; provided that if the Series A Director is to be an individual other than John A. Bartholdson, such individual shall be subject to the approval of the board of directors of the Corporation, which approval shall not be unreasonably withheld, delayed or conditioned. A majority of the outstanding shares of the Series A Preferred Stock, voting as a single class, at a meeting called for such purpose (or by written consent signed by the Holders of a majority of the then-outstanding shares of Series A Preferred Stock in lieu of such a meeting) shall have the sole right to remove the Series A Director. Any vacancy created by the removal, resignation or death of the Series A Director shall solely be filled by a majority of the outstanding shares of the Series A Preferred Stock, voting as a single class, at a meeting called for such purpose (or by written consent signed by the Holders of a majority of the then-outstanding shares of Series A Preferred Stock in lieu of such a meeting), and the individual so chosen to fill such vacancy shall be subject to the approval of the board of directors of the Corporation, which approval shall not be unreasonably withheld, delayed or conditioned.

(ii) The Holders of a majority of the then-outstanding shares of Series A Preferred Stock, voting separately as a class, shall have the right at each annual meeting of the shareholders of the Corporation or at any special meeting called for the purpose of electing directors to (or by written consent signed by the Holders of a majority of the then-outstanding shares of Series A Preferred Stock in lieu of such a meeting) nominate and elect one (1) Series A Director for so long as shares of Series A Preferred Stock are outstanding and the Conversion Shares issuable upon conversion thereof represent at least ten percent (10%) of the outstanding shares of Common Stock (after giving effect to the conversion of the Series A Preferred Stock).

(iii) In accordance with the provisions of this Section 17(b)(iii), at each annual or special meeting of the Corporation's shareholders at which the election of directors is to be considered, the board of directors of the Corporation shall nominate the Series A Director designated by the Holders of a majority of the Series A Preferred Stock for election to the board of directors of the Corporation. The Corporation agrees to recommend, support and solicit proxies for the election of the Series A Director in the same manner in which the Corporation recommends, supports and solicits proxies for its other nominees up for election to the board of directors of the Corporation. The Corporation agrees that the Series A Director shall receive the same benefits of director and officer insurance, and any indemnity and exculpation arrangements available generally to the directors on the board of directors of the Corporation and the same compensation and other benefits for his or her service as a director as the compensation and other benefits received by other non-management directors on the board of directors of the Corporation.

Section 18 Corporate Opportunities. Notwithstanding anything to the contrary in this Certificate of Amendment, to the fullest extent permitted by applicable law (including Section 14A:3-1(q) of the New Jersey Business Corporation Act (or any successor provision)), the Corporation, on behalf of itself and its subsidiaries, renounces any interest or expectancy of the Corporation and its subsidiaries in, or in being offered an opportunity to participate in, business opportunities, that are from time to time presented to any Holder or any of its officers, representatives, directors, agents, stockholders, members, partners, Affiliates, subsidiaries (other than the Corporation and its subsidiaries), or any of its designees on the Corporation's board of directors (including the Series A Director) and/or any of its representatives who, from time to time, may act as officers of the Corporation (collectively, the "***Covered Persons***") and each Covered Person may freely offer to any other Person or participate or effect on behalf of itself or any other Person any other investment or business opportunity or prospective economic advantage (which may include investments or activities relating to competitors of the Corporation or its subsidiaries), including those competitive with the business of the Corporation or its subsidiaries, or other transactions in which the Corporation, its subsidiaries, any Covered Person or any other stockholder of the Corporation may have an interest or expectancy, unless in each case such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person's capacity as a director of the Corporation while such Covered Person is performing services in such capacity. Any repeal or modification of this Section 18 will only be prospective and will not affect the rights under this Section 18 in effect at the time of the occurrence of any actions or omissions to act giving rise to liability. Notwithstanding anything to the contrary in this Certificate of Amendment or in the Certificate of Incorporation, the affirmative vote of the Required Series A Holders will be required to amend or repeal, or to adopt any provisions inconsistent with this Section 18.

Section 19 No Impairment. The Corporation will not, through any reorganization, transfer of assets, consolidation, merger, scheme or arrangement, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation but will at all time in good faith assist in the carrying out of all the provisions herein and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights and liquidation preferences granted hereunder of the Holders against impairment. Without limiting the generality of the foregoing, the Corporation (a) shall not increase the par value of any shares of Common Stock receivable upon conversion of the Series A Preferred Stock above the Series A Conversion Price then in effect, (b) shall take all such actions as may be necessary or appropriate in order that the Corporation may validly and legally issue fully paid and non-assessable shares of Common Stock upon conversion of the Series A Preferred Stock, and (c) shall, so long as any shares or fraction of a share of Series A Preferred Stock remain outstanding, take all action necessary to reserve and keep available out of its authorized and unissued shares of Common Stock, solely for the purpose of effecting the conversion of the Series A Preferred Stock, one hundred percent (100%) of the number of shares of Common Stock issuable upon conversion of the Series A Preferred Stock then outstanding (without regard to any limitations on convertibility contained herein).

Section 20 Replacement of Certificates. The Corporation shall replace any mutilated certificate at the Holder's expense upon surrender of that certificate to the Corporation. The Corporation shall replace certificates that become destroyed, stolen or lost at the Holder's expense upon delivery to the Corporation of reasonably satisfactory evidence that the certificate has been destroyed, stolen or lost, together with any indemnity that may be reasonably required by the Corporation.

Section 21 No Waiver. Except as otherwise modified or provided for herein, the Holders shall also be entitled to, and shall not be deemed to have waived, any other applicable rights granted to such Holders under the New Jersey Business Corporation Act.

Section 22 No Preemptive Rights. No Holder of any shares of Series A Preferred Stock shall have any preemptive right to subscribe to any issue of the same or other capital stock of the Corporation.

Section 23 Transfer Agent, Conversion Agent, Registrar and Paying Agent. The Corporation may, in its sole discretion, remove the Transfer Agent with ten (10) days' prior written notice by first-class mail, postage prepaid, to the Transfer Agent and Holders; provided that the Corporation shall appoint a successor Transfer Agent who shall accept such appointment prior to the effectiveness of such removal.

Section 24 Amendment. This Certificate of Amendment may only be altered, amended, or repealed by the affirmative vote of a majority of the whole board of directors of the Corporation and the Holders of at least a majority of the shares of Series A Preferred Stock then outstanding, voting as a single class.

Section 25 Waiver. Notwithstanding anything to the contrary in this Certificate of Amendment, any provision in this Certificate of Amendment and any right of the Holders of the Series A Preferred Stock granted hereunder may be waived as to all shares of Series A Preferred Stock (and the Holders thereof) upon the vote or written consent of the Holders of at least a majority of the shares of Series A Preferred Stock then outstanding.

Section 26 Action By Holders. Any action or consent to be taken or given by the Holders of the Series A Preferred Stock may be given either at a meeting of the Holders of the Series A Preferred Stock called and held for such purpose or by written consent.

Section 27 Severability. If any term of the Series A Preferred Stock set forth herein is invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other terms set forth herein which can be given effect without the invalid, unlawful or unenforceable term will, nevertheless, remain in full force and effect, and no term herein set forth will be deemed dependent upon any other such term unless so expressed herein.

IN WITNESS WHEREOF, this Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Corporation is executed on behalf of the Corporation by its duly authorized officer this 14th day of November, 2019.

LINCOLN EDUCATIONAL SERVICES CORPORATION

By: /s/ *Scott Shaw*
Name: Scott Shaw
Title: Chief Executive Officer

[*Signature Page to Lincoln Educational Services Corporation Certificate of Amendment*]

FORM OF
NOTICE OF CONVERSION

(TO BE EXECUTED BY THE HOLDER IN ORDER TO CONVERT SHARES OF
SERIES A PREFERRED STOCK)

The undersigned hereby elects to convert (the "***Conversion***") shares of Series A Convertible Preferred Stock, no par value per share ("***Series A Preferred Stock***"), of Lincoln Educational Services Corporation, a New Jersey corporation (the "***Corporation***"), into shares of Common Stock, no par value per share ("***Common Stock***"), of the Corporation according to the conditions of the Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Corporation, dated November 14, 2019, establishing the Series A Preferred Stock (the "***Certificate of Amendment***"). The Corporation will pay any stock transfer, documentary, stamp or similar taxes on the issuance of the shares of the Corporation's Common Stock upon conversion of the Series A Preferred Stock, unless the tax is due because the Holder requests such shares to be issued in a name other than the Holder's name, in which case the Holder will pay the applicable tax.

Capitalized terms used but not defined herein shall have the meanings ascribed thereto in or pursuant to the Certificate of Amendment.

Date to Effect Conversion: _____

Number of shares of Series A Preferred Stock owned prior to Conversion: _____

Number of shares of Series A Preferred Stock to be Converted: _____

Name of registered Holder: _____

Name or Names in which the certificate or certificates for any shares of Common Stock to be issued are to be registered: _____

Address for Delivery: _____

OR

DWAC Instruction:

Broker No.: _____
Account No.: _____

[HOLDER]

By: _____
Name:
Title:

Exhibit 10.1

Execution Copy

SECURITIES PURCHASE AGREEMENT

by and among

LINCOLN EDUCATIONAL SERVICES CORPORATION

and

EACH OF THE INVESTORS LISTED ON SCHEDULE I HERETO

Dated as of November 14, 2019

TABLE OF CONTENTS

THIS SECURITIES PURCHASE AGREEMENT (this "***Agreement***") is entered into as of November 14, 2019, among Lincoln Educational Services Corporation, a New Jersey corporation (the "***Company***"), and the investors set forth on **Schedule I** hereto (the "***Investors***," each, an "***Investor***").

WHEREAS, concurrently with the investment pursuant to this Agreement, the Company and its Subsidiaries (as defined below) as borrowers, and Sterling National Bank as lender, are entering into that certain Credit Agreement dated November 14, 2019 (as the same may be amended from time to time, the "***Credit Agreement***") pursuant to which the lender makes certain loans available to the Company and its Subsidiaries and consents to the Transactions (as defined below);

WHEREAS, the Company desires to issue, sell and deliver to the Investors, and the Investors severally desire to purchase and acquire from the Company, pursuant to the terms and subject to the conditions set forth in this Agreement, an aggregate of up to 12,700 shares of the Company's Series A Convertible Preferred Stock, no par value per share (the "***Series A Preferred Stock***"), having the powers, preferences and rights, and the qualifications, limitations and restrictions, as set forth in the form of Certificate of Amendment to the Certificate of Incorporation of the Company attached hereto as **Exhibit A** (the "***Series A Certificate of Amendment***"); and

WHEREAS, in connection with the issuance of the Series A Preferred Stock, the Company and the Investors will enter into a Registration Rights Agreement (the "***Registration Rights Agreement***"), to be dated as of the Closing Date, in the form attached hereto as **Exhibit B**.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

ARTICLE I
DEFINITIONS

SECTION 1.01 Definitions. As used in this Agreement (including the recitals hereto), the following terms shall have the following meanings:

"***Action***" means any lawsuit, suit, arbitration, claim, complaint, charge, audit, action, inquiry, investigation or other proceeding of any nature (whether criminal, civil, legislative, administrative, regulatory, prosecutorial or otherwise) by or before any Governmental Entity or Educational Agency.

"***Accreditation***" means the status of public recognition granted by any Accrediting Body to an educational institution or location or program thereof that meets all of the Accrediting Body's standards and requirements.

"***Accrediting Body***" means any Person other than a Governmental Entity that is recognized as an accrediting agency by the DOE which engages in granting or withholding Accreditation or similar approval for private post-secondary schools or programs, in accordance with standards relating to the performance, operation, financial condition and/or educational quality of such schools, including the Accrediting Commission of Career Schools and Colleges.

"***Affiliate***" means, with respect to any specified Person, any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person; *provided* that the following Persons shall not be deemed to be Affiliates of an Investor or any of its Affiliates: (a) the Company and its Subsidiaries and (b) any portfolio company in which such Investor or any of its Affiliates has an investment (whether debt or equity) or any of such portfolio companies' controlled Affiliates. For the purpose of this definition, "***control***" (including the terms "***controlled by***" and "***under common control with***"), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly or as trustee, personal representative or executor, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, as trustee, personal representative or executor, or by contract.

"***beneficially own***" means to have "beneficial ownership" of, or to be "beneficially owning" any securities (which securities shall also be deemed "beneficially owned" by such Person) that such Person is deemed to "beneficially own" within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the date hereof; *provided* that any Person shall be deemed to beneficially own any securities that such Person has the right to acquire, whether or not such right is exercisable immediately.

"***Board***" means the board of directors of the Company.

"***Business Day***" means any day except a Saturday, a Sunday or other day on which banking institutions in the City of New York, New York or New Jersey, New Jersey are authorized or required by law, regulation or executive order to be closed.

"***Bylaws***" means the Bylaws of the Company, as amended, and as may be amended through the date hereof.

"***Certificate of Incorporation***" means the Amended and Restated Certificate of Incorporation of the Company, as amended through the date hereof and as will be amended by the Series A Certificate of Amendment.

"***Code***" means the United States Internal Revenue Code of 1986, as amended.

"***Cohort Default Rate***" shall have the meaning ascribed to such term in 34 C.F.R. § 668 Subpart N.

"***Common Stock***" means the common stock, no par value per share, of the Company, including the common stock into which the Series A Preferred Stock is convertible, and any securities into which the Common Stock may be reclassified.

"***Company Charter Documents***" means the Certificate of Incorporation and Bylaws.

"***Company Fundamental Representations***" means the representations and warranties of the Company set forth in Section 3.01 (Organization; Standing), Section 3.02 (Capitalization), Section 3.03 (Authority; Noncontravention), Section 3.17 (Sale of Securities), Section 3.18 (No Broker), Section 3.19 (Listing and Maintenance Requirements), Section 3.20 (Investment Company Act), Section 3.21 (No "Bad Actor Disqualification") and Section 3.22 (No Rights Agreement).

"***Company Intellectual Property***" means all Intellectual Property owned, used or held for use by the Company or any of its Subsidiaries.

"***Company Lease***" means any lease, sublease, sub-sublease, license and other agreement under which the Company or any of its Subsidiaries leases, subleases, licenses, uses or occupies (in each case whether as landlord, tenant, sublandlord, subtenant or by other occupancy arrangement), or has the right to use or occupy, now or in the future, any real property.

"***Company Plan***" means each "employee benefit plan" (as defined in Section 3(3) of ERISA, whether or not subject to ERISA) and each other plan, program, contract, arrangement, agreement or policy relating to stock options, stock purchases, other equity-based compensation, bonus, incentive, deferred compensation, employment, severance, retention, change in control, termination, non-qualified retirement, profit sharing, fringe benefits, disability, medical, life, paid time off, relocation, educational assistance, or other benefits or compensation, in each case sponsored, maintained or contributed to or required to be contributed to by the Company or any of its Subsidiaries or with respect to which the Company or any of its Subsidiaries has any Liabilities.

"***Company Stock Plans***" means the Company's Amended and Restated 2005 Long-Term Incentive Plan and Amended and Restated 2005 Non-Employee Directors Restricted Stock Plan.

"***Compliance Date***" means December 31, 2017.

"***Confidentiality Agreement***" means that certain confidentiality agreement dated as of July 15, 2019, by and between Juniper and the Company.

"***Consumer Protection Law***" means any Law or binding standard directly or indirectly related to the protection of consumers in financing transactions, including the federal Truth in Lending Act, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Fair Debt Collection Practices Act, the privacy and data security provisions of the Gramm-Leach-Bliley Act, Section 5 of the Federal Trade Commission Act, the Consumer Financial Protection Act and applicable federal agency regulations implementing the foregoing, and any state law or regulation regarding retail installment sales agreements, consumer loans, or unfair or deceptive acts or practices.

"***Contract***" means the terms, conditions or provisions of any loan or credit agreement, debenture, note, bond, mortgage, indenture, deed of trust, lease, sublease, license, contract or other agreement, arrangement or understanding, whether written or oral.

"***Conversion Shares***" means the shares of Common Stock into which the Series A Preferred Stock are convertible.

"***DOE***" means the U.S. Department of Education or any successor agency.

"***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 financial assistance to or for students of, or otherwise regulates private postsecondary schools, including the DOE, any state education department or agency, any guaranty agency, and any Accrediting Body.

"***Educational Approval***" means any license, authorization, approval, certification, or Accreditation, issued or required to be issued by an Educational Agency with respect to any aspect of the Company's or any of its Subsidiary's operations in order for the Company or such Subsidiary or any location to operate or participate in Title IV, but excluding approvals or licenses with respect to the activities of individual recruiters or instructors at any Subsidiary.

"***Educational Law***" means the HEA and any other Law, or binding standard issued or administered by, or related to, any Educational Agency.

"***Educational Loan***" means any student loan made, insured or originated under Title IV.

"***Environmental Law***" means any federal, state, local or foreign Law or Governmental Order relating to pollution or protection of the environment; natural resources; or, to the extent relating to exposure to Materials of Concern, human health or safety.

"***ERISA***" means the Employee Retirement Income Security Act of 1974, as amended.

"***ERISA Affiliate***" means any Person which, together with the Company or any of its Subsidiaries, would at any relevant time be treated as a single employer under Section 4001 of ERISA or Section 414 of the Code.

"***Exchange Act***" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"***Federal Family Education Loan Program***" means Part B of Title IV of the Higher Education Act of 1965.

"***Financial Assistance Programs***" means each Title IV Program pursuant to which Title IV Program funding has been provided to or on behalf of any School's students; and any other government-sponsored or private student financial assistance program other than the Title IV Programs pursuant to which student financial assistance, grants or loans were provided to or on behalf of any School's students.

"***GAAP***" means United States generally accepted accounting principles and practices in effect from time to time applied consistently throughout the periods involved.

"***Governmental Entity***" means any U.S. or non-U.S. federal, national, supranational, state, provincial, local or other government, governmental, administrative or regulatory (including any stock exchange or stock market) authority, agency, court, tribunal, commission, or judicial or arbitral body or other entity or self-regulatory organization, but excluding any Educational Agency.

"***Governmental Order***" means any order, writ, judgment, injunction, decree, stipulation, ruling, subpoena, verdict, permit, license, exemption, certification, decision, determination or award entered by or with any Governmental Entity or Educational Agency.

"***Guarantee***" means any guarantee, letter of credit, surety bond (including any performance bond), credit support agreement or other assurance of payment.

"***HEA***" means the Higher Education Act of 1965, as amended.

"***Indebtedness***" means, with respect to any Person, without duplication, the principal of, accrued and unpaid interest, prepayment and redemption premiums or penalties (if any) unpaid fees or expenses and other Liabilities in respect of (i) all obligations of such Person for borrowed money, or with respect to deposits or advances of any kind to such Person (other than extensions of trade credit to customers of such Person and its Subsidiaries in the ordinary course of business), (ii) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (iii) all obligations of such Person which are, or would be required under GAAP to be, recorded on the balance sheet of such Person with respect to a lease, (iv) all obligations of such Person pursuant to securitization or factoring programs or arrangements, (v) all Guarantees and arrangements having the economic effect of a Guarantee of such Person of any Indebtedness of any other Person, (vi) all obligations or undertakings of such Person to maintain or cause to be maintained the financial position or covenants of others or to purchase the obligations or property of others, (vii) net cash payment obligations of such Person under swaps, options, derivatives, and other hedging agreements or arrangements that will be payable upon termination thereof (assuming they were terminated on the date of determination), (viii) letters of credit, bank guarantees, and other similar contractual obligations entered into by or on behalf of such Person, (ix) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (but excluding trade accounts payable and other accrued current liabilities), and (x) all obligations of the type referred to in the foregoing clauses secured by any Lien on any property or asset.

"***Intellectual Property***" means any and all intellectual property rights in any and all countries throughout the world, including: (i) patents (including all reissues, divisionals, continuations, continuations-in-part, reexaminations, supplemental examinations, *inter partes* reviews, post-grant oppositions, substitutions and extensions thereof), utility models, industrial designs and inventions, and all applications and registrations therefor, (ii) trademarks, service marks, trade dress, logos, brand names, certification marks, collective marks, Internet domain names and other indicia of origin, and all applications, registrations and renewals therefor, together with the goodwill associated with any of the foregoing, (iii) works of authorship (whether or not published), and all copyrights (including in software), designs and mask works, and all applications and registrations therefor and renewals, extensions, restorations and reversions thereof, (iv) software (including source code and object code) and all website content (including text, graphics, images, audio, video and data), (v) trade secrets, know-how, database rights and other proprietary information (including ideas, formulas, compositions, processes and techniques, research and development information, data, designs, drawings, specifications, research records, records of inventions, test information, financial, marketing and business data, pricing and cost information, business and marketing plans and proposals and customer and supplier lists and information); and (vi) all rights to bring an action for past, present and future infringement, misappropriation or other violation of rights and to receive damages, proceeds or other legal or equitable protections and remedies with respect to any of clauses (i)–(v).

"***IT Assets***" means software, systems, servers, computers, hardware, firmware, middleware, networks, data communications lines, routers, hubs, switches and all other information technology equipment, and all associated documentation.

"***Juniper***" means Juniper Targeted Opportunity Fund, L.P. and Juniper Targeted Opportunities, L.P.

"***Knowledge of the Company***," "***Company's Knowledge***," or similar terms used in this Agreement mean the actual knowledge of Scott M. Shaw, Brian K. Myers, Stephen M. Buchenot, Alexandra M. Luster, Stephen Ace, Ami D. Bhandari, Valerian J. Thomas, Francis Giglio, and Rajat Shah as of the date of this Agreement and at any other time at which a representation or warranty is made or deemed made hereunder, in each case, after due inquiry of the direct reports of such individuals.

"***Law***" means any U.S. or non-U.S. federal, national, supranational, state, provincial, local or similar statute, law, ordinance, regulation, rule, code, order, requirement or rule of Law (including common law) and includes any Governmental Order.

"***Liabilities***" means, collectively, all Indebtedness, obligations, liabilities and commitments of any nature, whether known or unknown, express or implied, primary or secondary, direct or indirect, liquidated, absolute, accrued, contingent or otherwise and whether due or to become due.

"***Liens***" means any pledges, liens (including environmental and tax liens), charges, mortgages, encumbrances, security interests, restriction on voting or transfer (including any option, right of first refusal or right of first offer), or any other claim of any third party of any kind or nature.

"***Material Adverse Effect***" means any circumstance, development, effect, change, event, occurrence or state of facts that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on (a) the business, results of operations, assets, Liabilities, condition (financial or otherwise), employees or customers of the Company and its Subsidiaries, taken as a whole, or (b) the ability of the Company and its Subsidiaries to timely consummate the Transactions or to perform their respective obligations under the Transaction Documents; *provided*, *however*, that, in the case of clause (a) above, none of the following shall constitute or be taken into account, individually or in the aggregate, in determining whether a Material Adverse Effect has occurred or may occur: any effect, change, event or occurrence that results from or arises out of (A) general economic, legislative or political conditions in the United States, (B) geopolitical conditions, the outbreak or escalation of hostilities, any acts of war (whether or not declared), sabotage, terrorism or man-made disaster, or any escalation or worsening of any of the foregoing, (C) natural disaster, (D) any change in GAAP (or authoritative interpretation thereof), including accounting and financial reporting pronouncements by the SEC and the Financial Accounting Standards Board or applicable Law, (E) any change resulting or arising from the execution and delivery of this Agreement or the public announcement of the Transactions; *provided*, *however*, that the exceptions in this clause (E) shall not apply to any breach of representations and warranties contained in Section 3.03, or (F) any failure to meet any internal or public projections guidance or estimates (it being understood that the exceptions in this clause (F) shall not prevent or otherwise affect a determination that the underlying cause of any such failure referred to therein is a Material Adverse Effect); *provided* that the exceptions in clauses (A), (B), (C) and (D) above shall not apply to the extent such circumstance, development, effect, change, event, occurrence or state of facts has a materially disproportionate impact on the Company and its Subsidiaries, taken as a whole, relative to other participants in the industry in which the Company and its Subsidiaries operate.

"***Materials of Concern***" means any waste, substance or material that is classified, regulated, defined or designated under Environmental Law as radioactive, explosive, highly flammable, hazardous or toxic or as a contaminant or a pollutant, or for which liability or standards of conduct may be imposed, including petroleum products, byproducts and distillates, heavy metals (such as lead and cadmium), ozone-depleting substances, chlorinated solvents, polychlorinated biphenyls, friable asbestos, toxic mold and anti-microbial agents, nanoparticles, nanomaterials, microbeads, and microplastics, and cleaning agents including bleach and ammonia.

"***NASDAQ***" means The Nasdaq Global Select Market.

"***Option***" means an unexercised option to purchase shares of Common Stock (whether granted under a Company Stock Plan or otherwise).

"***Participant***" means any current or former director, officer, employee or independent contractor of the Company or any of its Subsidiaries.

"***Permitted Liens***" means (i) Liens in respect of any Indebtedness under the Credit Agreement, (ii) statutory Liens for Taxes, assessments or other charges by Governmental Entities not yet due and payable or the amount or validity of which is being contested in good faith and by appropriate proceedings, (iii) mechanics', materialmen's, carriers', workmen's, warehousemen's, repairmen's, landlords' and similar Liens granted or which arise in the ordinary course of business, (iv) pledges or deposits by the Company or any of its Subsidiaries under workmen's compensation Laws, unemployment insurance Laws or similar legislation, or good faith deposits in connection with bids, tenders, Contracts (other than for the payment of Indebtedness) or leases to which such entity is a party, or deposits to secure public or statutory obligations of such entity or to secure surety or appeal bonds to which such entity is a party, or deposits as security for contested Taxes, in each case incurred or made in the ordinary course of business, (v) transfer restrictions imposed by applicable securities Law, (vi) zoning, entitlement, building and other land use regulations imposed by Governmental Entities having jurisdiction over such real property, (vii) Liens placed by any developer, landlord, owner or other third party on real property over which the Company or any of its Subsidiaries has leasehold or easement rights and subordination, non-disturbance or similar agreements relating thereto, (viii) Liens in the ordinary course of business that would not be, individually or in the aggregate, material to the operations of the business of the Company or any of its Subsidiaries, and (ix) Liens created by or solely through the actions of the Investor or any of its Affiliates.

"***Person***" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Entity or other entity.

"***Private Educational Loan***" means any loan provided by a lender that is not made, insured, or guaranteed under Title IV and is issued expressly for postsecondary educational expenses.

"***Proposed Transfer Notice***" means written notice from an Investor setting forth the terms and conditions of any assignment, sale, offer to sell, pledge, mortgage, hypothecation, encumbrance, disposition of or any other like transfer or encumbering of any Transfer Stock (or any interest therein) proposed by any Investor.

"***Related Documents***" means the Series A Certificate of Amendment, the Registration Rights Agreement, the Observer Rights Side Letter, and any other agreements between or among the Company, the Investors and any of their respective Affiliates entered into to give effect to the transactions contemplated by this Agreement.

"***Representative***" means, with respect to any Person, the directors, officers, employees, investment bankers, financial advisors, attorneys, accountants or other advisors, agents or representatives of such Person.

"***Restricted Share***" means a share of Common Stock that is subject to vesting or forfeiture conditions (whether time-based or performance-based and whether granted under a Company Stock Plan or otherwise).

"***Right of First Refusal***" means the right, but not the obligation, of the Company to purchase some or all of the Series A Preferred Stock with respect to a proposed Transfer, on the terms and conditions specified in the Proposed Transfer Notice.

"***School***" means a postsecondary institution of higher education consisting of a main campus and, if applicable, any additional locations, campuses or branches thereof operated by the Company or any of its Subsidiaries identified by an Office of Postsecondary Education Identification number issued by the DOE or approved by any Educational Agency.

"***SEC***" means the United States Securities and Exchange Commission.

"***Secondary Refusal Right***" means the right, but not the obligation, of Juniper to purchase all or any Series A Preferred Stock not purchased pursuant to the Right of First Refusal, on the terms and conditions specified in the Proposed Transfer Notice.

"***Securities Act***" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"***Stock Appreciation Right***" means an unexercised stock appreciation right in respect of shares of Common Stock (whether granted under a Company Stock Plan or otherwise).

"***Subsidiary***" means, with respect to any Person, another Person of whom such first Person owns, directly or indirectly, an amount of voting securities, other voting rights or voting partnership interests which is sufficient to elect at least a majority of the board of directors or other governing body (or, if there are no such voting interests, more than 50% of the equity interests) of such other Person.

"***Tax***" means any federal, state, local or foreign income, gross receipts, property, sales, use, license, excise, franchise, employment, payroll, withholding, alternative or add-on minimum, ad valorem, transfer or excise tax, or any other tax, custom, duty, governmental fee or other like assessment or charge of any kind whatsoever, including any interest, addition or penalty, imposed by any Governmental Entity.

"***Tax Return***" shall mean any return, declaration, report, form or similar statement required to be filed with respect to any Tax (including any attached schedules), including any information return, claim for refund, amended return or declaration of estimated Tax.

"***Term Sheet***" means that certain term sheet for the issuance of convertible preferred stock by the Company dated as of October 17, 2019, by and between Juniper Investment Company, LLC and the Company.

"***Title IV***" means Title IV of the Higher Education Act of 1965, as amended (20 U.S.C. §§ 1070 et seq.), and any amendments or successor statutes thereto.

"***Title IV Program***" means the federal student financial assistance programs authorized by Title IV or any successor regulation.

"***Transaction Documents***" means this Agreement and the Related Documents.

"***Transactions***" means the transactions contemplated by the Transaction Documents.

"***Transfer Stock***" means shares of Series A Preferred Stock owned by an Investor after the date hereof (including in connection with any stock split, stock dividend, recapitalization, reorganization, or the like).

ARTICLE II
Purchase and Sale

SECTION 2.01 Purchase and Sale of Preferred Stock.

(a) The Company shall adopt and file with the Department of the Treasury of the State of New Jersey, on or before the Closing (as defined below), the Series A Certificate of Amendment in the form attached to this Agreement as **Exhibit A**.

(b) The Company has authorized the sale and issuance of up to 12,700 shares of its Series A Preferred Stock pursuant to the terms and conditions of this Agreement.

(c) Subject to the terms and conditions of this Agreement, at the Closing (as defined below) each Investor, severally and not jointly, agrees to purchase, and the Company agrees to sell and issue to each Investor, at a price of $1,000.00 per share, in a minimum aggregate amount of $500,000 and integral amounts of $50,000 in excess thereof, that number of shares of Series A Preferred Stock set forth opposite each Investor's name on **Schedule I** hereto for the aggregate purchase price and consideration set forth opposite such Investor's name thereon (the "***Series A Preferred Share Price***"). The Company's agreement with each Investor is a separate agreement, and the sale and issuance of the Series A Preferred Stock to each Investor is a separate sale and issuance.

(d) At the Closing (as defined below), to effect the purchase and sale of the Series A Preferred Stock, (i) each Investor shall pay to the Company, by wire transfer to a bank account designated in writing by the Company at least three (3) Business Days prior to the Closing Date, in immediately available funds, such Investor's Series A Preferred Share Price (ii) the Company shall deliver to each Investor evidence reasonably satisfactory to such Investor of the shares of Series A Preferred Stock sold and issued to such Investor in book-entry form, and (iii) each of the Company and the Investors shall execute and deliver (or cause to be executed and delivered) to the other an executed counterpart of the Registration Rights Agreement.

SECTION 2.02 Closing. Subject to the terms and conditions of this Agreement, the closing (the "***Closing***") of the purchase and sale of the Series A Preferred Stock described in Section 2.01 above shall take place at the offices of Shearman & Sterling LLP, 599 Lexington Avenue, New York, NY 10022, as soon as reasonably practicable (which may be the date hereof) after the conditions set forth in Article VI (other than those conditions that by their nature are to be satisfied at the Closing, but subject to their satisfaction) are satisfied or waived, or at such other date, time and place as the Company and the Investors mutually agree in writing (the date on which the Closing takes place, the "***Closing Date***").

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as (A) set forth in the confidential disclosure letter delivered by the Company to the Investors on the date hereof (the "***Company Disclosure Letter***") (it being understood that the disclosure of any information in a particular section or subsection of the Company Disclosure Letter shall be deemed disclosure of such information with respect to any other section or subsection of this Agreement to which the relevance of such information is readily apparent on its face and appropriately cross-referenced to any other applicable section or subsection) or (B) disclosed in any report, schedule, form, statement, registration statement, prospectus or other document (including exhibits and schedules thereto (including those incorporated by reference and publicly available)) filed with, or furnished to, the SEC and publicly available on or after December 31, 2016, and before the date hereof (the "***Company SEC Documents***"), other than any disclosures set forth in the "Risk Factors" or any forward-looking statement sections of such Company SEC Documents and any other disclosures included therein to the extent they are primarily cautionary, predictive or forward-looking in nature; *provided* that this clause (B) shall not apply to the representations and warranties set forth in Section 3.01, Section 3.02, Section 3.03, Section 3.04, Section 3.17, Section 3.18, Section 3.19, Section 3.20, Section 3.21, and Section 3.22, the Company represents and warrants to each Investor as of the date hereof and as of the Closing Date (except for representations and warranties that are made as of a specific date, which are made only as of such date) that:

SECTION 3.01 Organization; Standing.

(a) The Company is a corporation duly organized, validly existing and in good standing under the Laws of the State of New Jersey and has all requisite corporate power and corporate authority necessary to carry on its business as it is now being conducted. The Company is duly licensed or qualified to do business and is in good standing (where such concept is recognized under applicable Law) in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned, leased or otherwise held by it makes such licensing, qualification or good standing necessary, except where the failure to be so licensed, qualified or in good standing, individually or in the aggregate, would not reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole. True and complete copies of the Company Charter Documents (as amended to the date hereof) as currently in effect as of the date hereof are included in the Company SEC Documents.

(b) Exhibit 21.1 to the Company's Form 10-K/A filed on April 24, 2019 (Commission File Number 000-51371) contains a true and complete list of all the Subsidiaries of the Company. Each of the Company's Subsidiaries is a legal entity duly organized, validly existing and in good standing (where such concept is recognized under applicable Law) under the Laws of the jurisdiction of its organization or formation and has all requisite power and authority necessary to carry on its business as it is now being conducted. Each of the Company's Subsidiaries is duly licensed or qualified to do business and is in good standing (where such concept is recognized under applicable Law) in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned, leased or otherwise held by it makes such licensing, qualification or good standing necessary, except where the failure to be so licensed, qualified or in good standing, individually or in the aggregate, would not reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole.

SECTION 3.02 Capitalization.

(a) The authorized capital stock of the Company consists of 100,000,000 shares of Common Stock and 10,000,000 shares of preferred stock, no par value per share, 12,700 shares of which will be designated as Series A Convertible Preferred Stock, no par value per share, as of the Closing. At the close of business on November 8, 2019 (the "***Capitalization Date***"), (i) 24,636,274 shares of Common Stock were issued and outstanding (including no Restricted Shares), (ii) 5,910,541 shares of Common Stock were held by the Company in its treasury, (iii) 1,451,656 shares of Common Stock were reserved and available for issuance pursuant to the Company Stock Plans, (iv) 133,000 shares of Common Stock were subject to outstanding Options, (v) no shares of Common Stock were subject to outstanding Stock Appreciation Rights, (vi) 595,436 Restricted Shares were issued and outstanding pursuant to the Company Stock Plans, (vii) no shares of preferred stock (in any series) were issued or outstanding and (viii) no shares of Series A Preferred Stock were issued or outstanding. Since the Capitalization Date, neither the Company nor any of its Subsidiaries has (A) issued any Company Securities (as defined below) or incurred any obligation to make any payments based on the price or value of any Company Securities or dividends paid thereon, other than in connection with the vesting, settlement or exercise of the Options and Company Stock Plans referred to above that were outstanding as of the Capitalization Date or (B) established a record date for, declared, set aside for payment or paid any dividend on, or made any other distribution in respect of, any shares of the Company's capital stock.

(b) Except as described in this Section 3.02, there are no (i) outstanding shares of capital stock of, or other equity or voting interests in, the Company, (ii) outstanding securities convertible into or exchangeable or exercisable for shares of capital stock of, or other equity or voting interests in, the Company, or (iii) outstanding options, warrants, stock appreciation rights, phantom stock rights, rights or other commitments or agreements to acquire from the Company or any Subsidiary of the Company, or that obligate the Company or any Subsidiary of the Company to issue or sell, any capital stock of, or other equity or voting interests (or voting debt) in, or any securities convertible into or exchangeable or exercisable for shares of capital stock of, or other equity or voting interests in, the Company, (the items in clauses (i), (ii), and (iii) being referred to collectively as "***Company Securities***"). Except with respect to the Company Stock Plans and the Transaction Documents, there are no outstanding Contracts of any kind that obligate the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any Company Securities, or obligate the Company to grant, extend or enter into any such Contracts relating to any Company Securities, including any Contracts granting any preemptive rights, subscription rights, anti-dilutive rights, rights of first refusal, rights of first offer or similar rights with respect to any Company Securities. Other than as set forth in Section 3.02(c) of the Company Disclosure Letter or pursuant to the Transaction Documents, none of the Company or any Subsidiary of the Company is a party to any stockholders' agreement, voting trust agreement, registration rights agreement or other similar agreement or understanding relating to any Company Securities or any other Contract relating to the disposition, voting or dividends with respect to any Company Securities. All outstanding shares of Common Stock have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights. The Series A Preferred Stock and the Conversion Shares will be, when issued, duly authorized and validly issued, fully paid and nonassessable and issued in compliance with all applicable Laws, and such shares will not be issued in violation of any purchase option, call option, preemptive right, resale right, subscription right, right of first refusal, right of first offer or similar rights, and will be free and clear of all Liens, except restrictions imposed by the Securities Act and any applicable state securities Laws. The Series A Preferred Stock and the Conversion Shares, if and when issued, will have the terms and conditions and entitle the holders thereof to the rights set forth in the Company Charter Documents, as amended by the Series A Certificate of Amendment. The shares of Common Stock issuable upon conversion of the Series A Preferred Stock have been duly reserved for issuance.

(c) All of the outstanding shares of capital stock of, or other equity or voting interests in, each material Subsidiary of the Company (except for directors' qualifying shares or the like) are owned directly or indirectly, beneficially and of record, by the Company free and clear of all Liens, other than Liens securing Indebtedness under the Credit Agreement. Each outstanding share of capital stock of each material Subsidiary of the Company, which is held, directly or indirectly, by the Company, is duly authorized, validly issued, fully paid, nonassessable and free of preemptive rights, and, except as set forth in the Transaction Documents, there are no subscriptions, options, warrants, rights, calls, Contracts or other commitments, understandings, restrictions or arrangements relating to the issuance, acquisition, redemption, repurchase or sale of any shares of capital stock or other equity or voting interests of any material Subsidiary of the Company, including any right of conversion or exchange under any outstanding security, instrument or agreement, any Contracts granting any preemptive rights, subscription rights, anti-dilutive rights, rights of first refusal, rights of first offer or similar rights with respect to any securities of any Subsidiary of the Company.

SECTION 3.03 Authority; Noncontravention.

(a) The Company has all necessary corporate power and corporate authority to execute and deliver this Agreement and the Related Documents and to perform its obligations hereunder and thereunder and to consummate the Transactions. The execution, delivery and performance by the Company of this Agreement and the Related Documents, and the consummation by it of the Transactions, have been duly authorized and approved by the Board, and, except for filing the Series A Certificate of Amendment with the Department of the Treasury of the State of New Jersey pursuant to the New Jersey Business Corporation Act, no other corporate action on the part of the Company is necessary to authorize the execution, delivery and performance by the Company of this Agreement and the Related Documents and the consummation by it of the Transactions. This Agreement has been, and the Related Documents will be on the Closing Date, duly executed and delivered by the Company and, assuming due authorization, execution and delivery hereof and thereof by the Investors, this Agreement constitutes, and the Related Documents will on the Closing Date constitute, a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except that such enforceability (i) may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other similar Laws of general application affecting or relating to the enforcement of creditors' rights generally and (ii) is subject to general principles of equity, whether considered in a proceeding at law or in equity (the "***Bankruptcy and Equity Exception***").

(b) Neither the execution and delivery of this Agreement nor any of the Related Documents by the Company, nor the consummation by the Company of the Transactions, nor performance or compliance by the Company with any of the terms or provisions hereof or thereof, will (i) conflict with or violate any provision of (A) the Company Charter Documents or (B) any similar organizational documents of any of the Company's Subsidiaries or (ii) (x) violate or constitute a default (or constitute an event that, with notice or lapse of time or both, would constitute a violation or default) under any Contract to which the Company or any of its Subsidiaries is a party or accelerate any obligations or rights under or give a right of termination of (whether or not with notice, lapse of time or both) any such Contract, (y) violate any Law applicable to the Company or any of its Subsidiaries or (z) result in the creation of any Lien on any properties or assets of the Company or any of its Subsidiaries, except, in the case of clause (ii), as, individually or in the aggregate, have not had and would not reasonably be expected to have a Material Adverse Effect.

(c) The Board, at a meeting duly called and held, duly adopted written resolutions approving and declaring advisable and in the best interests of the Company and its stockholders the Transactions and the execution, delivery and performance by the Company of this Agreement and the Related Documents and the consummation of the Transactions, which resolutions have not been subsequently rescinded, modified or withdrawn.

(d) No vote or approval of the holders of any class or series of capital stock of the Company or any of its Subsidiaries is required under any applicable federal or state securities Laws (including any applicable rules or regulations of any stock exchange or stock market) or the New Jersey Business Corporation Act to adopt and approve the Transaction Documents or the Transactions and the consummation thereof, including the issuance and sale of the Series A Preferred Stock, and the issuance of any Common Stock upon the conversion of any or all of the Series A Preferred Stock.

SECTION 3.04 Governmental Approvals. Except for (a) the filing with the SEC of such current reports and other documents, if any, required to be filed with the SEC under the Exchange Act or Securities Act in connection with the Transactions (including the timely filing of a Form D with respect to the Series A Preferred Stock as required under Regulation D), (b) compliance with any applicable rules and regulations of NASDAQ, and (c) the filing of the Series A Certificate of Amendment with the Department of the Treasury of the State of New Jersey pursuant to the New Jersey Business Corporation Act, no consent or approval of, or filing with, license from, permit or authorization of (a "***Consent***"), declaration of or registration with, any Governmental Entity, Educational Agency or any stock market or stock exchange on which shares of Common Stock are listed for trading are necessary for the execution and delivery of this Agreement and the Related Documents by the Company, the performance by the Company of its obligations hereunder and thereunder and the consummation by the Company of the Transactions.

SECTION 3.05 Company SEC Documents; Undisclosed Liabilities and Events.

(a) The Company has filed or furnished, as applicable, with the SEC, on a timely basis, all of the Company SEC Documents required to be filed with or furnished to the SEC by the Company since the Compliance Date. As of their respective effective dates (in the case of Company SEC Documents that are registration statements filed pursuant to the requirements of the Securities Act) and as of their respective SEC filing dates (in the case of all other Company SEC Documents), the Company SEC Documents complied, and each Company SEC Document filed subsequent to the date hereof and prior to the earlier of the Closing Date and the termination of this Agreement will comply on its face, as to form in all material respects with the requirements of the Securities Act or the Exchange Act, as the case may be, applicable to such Company SEC Documents at the time of such filing dates. As of its filing date, each Company SEC Document filed pursuant to the Exchange Act did not, and each Company SEC Document filed subsequent to the date hereof and prior to the earlier of the Closing Date and the termination of this Agreement will not, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. As of the date hereof, (i) the Company is eligible to file a Registration Statement on Form S-3 to register the sale of the Conversion Shares by the Investors, (ii) none of the Company's Subsidiaries is required to file any documents with the SEC, (iii) there are no outstanding unresolved comments received from the staff of the SEC with respect to any of the Company SEC Documents, (iv) to the Company's Knowledge, none of the Company SEC Documents is the subject of ongoing SEC review, outstanding SEC comment or outstanding SEC investigation, and (v) the Company does not have pending before the SEC any request for confidential treatment of information. Each of the certifications and statements relating to the Company SEC Documents required by: (A) Rule 13a-14 or Rule 15d-14 under the Exchange Act, (B) 18 U.S.C. § 1350 (Section 906 of the Sarbanes–Oxley Act) or (C) any other rule or regulation promulgated by the SEC or applicable to the Company SEC Documents is accurate and complete, and complies as to form and content with all applicable Laws.

(b) The consolidated financial statements provided by the Company (including all related notes or schedules, as may be included or incorporated by reference in the Company SEC Documents) (i) complied, as of their respective dates of filing with the SEC, in all material respects with the published rules and regulations of the SEC with respect thereto, (ii) present fairly, in all material respects, the consolidated financial position of the Company and its Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods covered thereby (subject, in the case of unaudited quarterly financial statements, to normal year-end adjustments), (iii) have been prepared in accordance with GAAP (except, in the case of unaudited quarterly financial statements, as expressly permitted by Form 10-Q of the SEC or other applicable rules and regulations of the SEC) applied on a consistent basis during the periods covered thereby (except (A) as may be indicated in the notes thereto or (B) as permitted by Regulation S-X), and (iv) were prepared in accordance with the books of account and other financial records of the Company and its Subsidiaries (except as may be indicated in the notes thereto).

(c) Neither the Company nor any of its Subsidiaries has any Liabilities of any nature (whether accrued, absolute, contingent or otherwise) except Liabilities (i) reflected or reserved against in the balance sheet (or the notes thereto) of the Company and its Subsidiaries as of June 30, 2019 (the "***Balance Sheet Date***") included in the Company SEC Documents, (ii) incurred after the Balance Sheet Date in the ordinary course of business, (iii) incurred pursuant to the Credit Agreement (excluding any claims for breach or default thereof), (iv) as expressly contemplated by this Agreement or otherwise incurred in connection with the Transactions and (v) which are not, individually or in the aggregate, material to the Company and its Subsidiaries, taken as a whole.

(d) The Company has established and maintains, and at all times since March 29, 2005, has maintained, disclosure controls and procedures and a system of internal controls over financial reporting (as such terms are defined in paragraphs (e) and (f), respectively, of Rule 13a-15 under the Exchange Act) as required by Rule 13a-15 under the Exchange Act. Since December 31, 2016, neither the Company nor, to the Company's Knowledge, the Company's independent registered public accounting firm has identified or been made aware of any "significant deficiency" or "material weakness" (as defined by the Public Company Accounting Oversight Board) in the design or operation of the Company's internal controls over financial reporting which would reasonably be expected to adversely affect in any material respect the Company's ability to record, process, summarize and report financial data, in each case which has not been subsequently remediated. The Company is, and has been at all times since March 29, 2005, in compliance in all material respects with the applicable listing requirements and corporate governance rules and regulations of NASDAQ, and has not received any notice asserting any non-compliance with the listing requirements of NASDAQ.

(e) The Company's auditor has at all times since March 29, 2005, been (i) a registered public accounting firm (as defined in Section 2(a)(12) of the Sarbanes–Oxley Act); (ii) "independent" with respect to the Company within the meaning of Regulation S-X under the Exchange Act; and (iii) to the Company's Knowledge, in compliance with subsections (g) through (l) of Section 10A of the Exchange Act and the rules and regulations promulgated by the SEC and the Public Company Accounting Oversight Board thereunder. All nonaudit services performed by the Company's auditors for the Company that were required to be approved in accordance with Section 202 of the Sarbanes–Oxley Act were so approved.

(f) Except for the issuance of the Series A Preferred Stock contemplated by this Agreement or as set forth on Section 3.05(f) of the Company Disclosure Letter, no event, Liability or development has occurred or exists with respect to the Company or its Subsidiaries or their respective businesses, properties, operations or financial condition that would be required to be disclosed by the Company under applicable securities Laws at the time this representation is made or deemed made that has not been publicly disclosed at least one (1) Business Day prior to the date that this representation is made.

SECTION 3.06 Absence of Certain Changes. Since December 31, 2018, (i) except for the execution and performance of this Agreement, the business of the Company and its Subsidiaries has been carried on and conducted in the ordinary course of business, (ii) there has not been any Material Adverse Effect, or any circumstance, developments, effect, change, event, occurrence or state of facts that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect and (iii) the Company has not taken any of the following actions (except as expressly provided in the Transaction Documents):

(a) established a record date for, declared, set aside for payment or made payment in respect of, any dividend or other distribution upon any shares of capital stock of the Company;

(b) redeemed, repurchased or otherwise acquired any of the Company's capital stock or other equity or voting interests, or any rights, warrants or options to acquire any shares of its capital stock or other equity or voting interests of the Company or any of its Subsidiaries, other than repurchases of capital stock in the ordinary course of business pursuant to any Company Plan (or agreement thereunder) in effect as of the date hereof;

(c) amended the Company Charter Documents (other than filing the Series A Certificate of Amendment as provided hereunder), the committee charters of the committees of the Board or any corporate governance policy of the Company pertaining to members of the Board;

(d) authorized, issued, split, combined, subdivided or reclassified any capital stock, or securities exercisable for, exchangeable for or convertible into capital stock, or other equity or voting interests of the Company other than (A) the authorization and issuance of the Series A Preferred Stock in accordance with this Agreement and the Series A Certificate of Amendment and any Conversion Shares and (B) issuances of capital stock, or securities exercisable for, exchangeable for or convertible into capital stock, of the Company to any Participant in the ordinary course of business pursuant to any Company Plan (or agreement thereunder) in effect as of the date hereof;

(e) changed any of the methods of accounting, accounting practices or policies in any material respect of the Company or any of its Subsidiaries, other than such changes as required by GAAP, a Governmental Entity or Educational Agency;

(f) entered into any Contract between the Company or its Subsidiaries, on the one hand, and any of the Company's directors (including director nominees or candidates), officers or stockholders (in their capacity as such), on the other hand, including any stockholder agreement, investor rights agreement, board representation or board nomination agreement or any similar Contract, other than, in the case of officers, in the ordinary course of business consistent with past practice in connection with such officer's employment or take or omit to take any other action that could reasonably be expected to result in a modification to the composition of the Board, grant any consent rights with respect to any actions by the Company or its Subsidiaries to any stockholder or that otherwise would reasonably be expected to limit, alter or modify in any material respect the rights that the Investor is expected to have following the Closing under the Registration Rights Agreement and the Series A Certificate of Amendment;

(g) merged or consolidated the Company or any of its Subsidiaries with any Person;

(h) (A) filed, or consented by answer or otherwise to the filing against the Company or any of its Subsidiaries of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, insolvency, reorganization, moratorium or other similar Law of any jurisdiction, (B) made an assignment for the benefit of the creditors of the Company or any of its Subsidiaries, (C) consented to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to the Company or any of its Subsidiaries or with respect to any substantial part of its or their assets or property, (D) dissolved, liquidated or wound up the Company or any of its Subsidiaries or (E) taken any corporate action for the purpose of any of the foregoing;

(i) (A) acquired, in a single transaction or a series of related transactions, any business or Person, by merger or consolidation, purchase of assets, properties, claims or rights or equity interests, or by any other manner, for an aggregate purchase price (when taken together with all such acquisitions) in excess of $1,000,000, or (B) divested, in a single transaction or a series of related transactions, any assets, properties, claims or rights or equity interests for an aggregate sales price (when taken together with all such divestitures) in excess of $1,000,000; *provided* that acquisitions or dispositions of goods, products or services in the ordinary course of business shall not constitute acquisitions or divestitures for purposes of this clause (i);

(j) taken any action that causes, or would reasonably be expected to cause, the Common Stock to cease to be eligible for listing on NASDAQ; or

(k) agreed, authorized, resolved or recommended, whether in writing or otherwise, to do, or taken any action reasonably likely to lead to or result in, any of the foregoing.

SECTION 3.07 Legal Proceedings. Except as would not, individually or in the aggregate, reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole, there is no (a) Action pending or, to the Knowledge of the Company, threatened against the Company or any of its Subsidiaries, or any property or asset of the Company or any of its Subsidiaries, or (b) outstanding Governmental Order imposed upon the Company or any of its Subsidiaries or any property or asset of the Company or any of its Subsidiaries, in each case, by or before any Governmental Entity or Educational Agency. No officer or director of the Company or any of its Subsidiaries is, as of the date of this Agreement, a defendant in any Action commenced by any equityholder of the Company or any of its Subsidiaries with respect to the performance of his duties as an officer or a director of the Company or any such Subsidiary under any applicable Law. There is no unsatisfied judgment, penalty or award against the Company or any of its Subsidiaries.

SECTION 3.08 Compliance with Laws; Permits. (a) The Company and each of its Subsidiaries are, and since at least December 31, 2013, have been, in compliance in all material respects with all Laws applicable to the Company or any of its Subsidiaries or their assets, including, to the extent so applicable, any Tax, labor, securities and foreign exchange related Laws or Consumer Protection Laws, and (b) neither the Company nor any of its Subsidiaries has received any notification or communication from any Governmental Entity or Educational Agency of any alleged, potential or actual violation by the Company or any of its Subsidiaries of any Law. The Company and each of its Subsidiaries hold all licenses, franchises, permits, certificates, approvals and authorizations from Governmental Entities and Educational Agencies (collectively, "***Permits***") necessary for the lawful conduct of their respective businesses.

SECTION 3.09 Tax Matters. Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect:

(a) The Company and each of its Subsidiaries has prepared (or caused to be prepared) and timely filed (taking into account valid extensions of time within which to file) all Tax Returns required to be filed by any of them, and all such filed Tax Returns are true, complete and accurate.

(b) All Taxes owed by the Company and each of its Subsidiaries that are due (whether or not shown on any Tax Return) have been timely paid or have been adequately reserved against in accordance with GAAP.

(c) All amounts of Taxes required to be withheld by the Company or any of its Subsidiaries have been duly withheld and remitted to the appropriate taxing authority as required by applicable Law.

(d) The Company has not received written notice of any pending audits, examinations, investigations, claims or other proceedings in respect of any Taxes of the Company or any of its Subsidiaries, and no audits, examinations, investigations, claims or other proceedings in respect of any Taxes of the Company or any of its Subsidiaries are pending or in progress.

(e) There are no Liens for Taxes on any of the assets of the Company or any of its Subsidiaries other than Permitted Liens.

(f) None of the Company or any of its Subsidiaries has been a "controlled corporation" or a "distributing corporation" (each, as defined in Section 355(a)(1) of the Code) in any distribution occurring in the two years prior to this Agreement that was purported or intended to be governed by Section 355 of the Code (or any similar provision of state, local or non-U.S. Law).

(g) No deficiency for any Tax has been asserted or assessed by any Governmental Entity in writing against the Company or any of its Subsidiaries, except for deficiencies that have been satisfied by payment in full, settled or withdrawn or that have been specifically identified in the Company SEC Documents and adequately reserved against in accordance with GAAP.

(h) Neither the Company nor any of its Subsidiaries has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to an assessment or deficiency for Taxes (other than pursuant to extensions of time to file Tax Returns obtained in the ordinary course).

(i) Neither the Company nor any of its Subsidiaries has participated in any "listed transaction" or "reportable transaction" within the meaning of Treasury Regulation Section 1.6011-4(b)(2).

SECTION 3.10 Employee Benefits.

(a) Except for instances that, individually or in the aggregate, have not had and would not reasonably be expected to have a Material Adverse Effect, (i) each Company Plan has been established, maintained, funded and administered in accordance with terms and in compliance with the applicable provisions of ERISA, the Code and other applicable Laws, (ii) each Company Plan that is intended to be qualified under Section 401(a) of the Code is so qualified and has received a determination letter (or is subject to a favorable opinion letter) from the Internal Revenue Service that such Company Plan is qualified under Section 401(a) of the Code, and, to the Knowledge of the Company, nothing has occurred that could reasonably be expected to adversely affect the qualification of such Company Plan, (iii) neither the Company nor any of its Subsidiaries has any Liabilities to provide post-termination health or life insurance benefits other than as required by Section 4980B of the Code, (iv) none of the Company, any of its Subsidiaries or any ERISA Affiliate has, and does not expect to have, nor in the past six years has had, any Liability with respect to (A) any "employee pension benefit plan" within the meaning of Section 3(2) of ERISA that is or was subject to Title IV of ERISA, Section 302 of ERISA or Section 412 of the Code or any similar federal or state Laws, (B) any "multiemployer plan" within the meaning of Section 3(37) of ERISA, or (C) any "multiple employer welfare arrangement" within the meaning of Section 4001(a)(15) of ERISA that is subject to Sections 4063, 4064 and 4069 of ERISA or Section 413(c) of the Code, (v) no Company Plan has any unfunded or underfunded Liabilities, (vi) each Company Plan constituting a "nonqualified deferred compensation plan" within the meaning of Section 409A(d)(1) of the Code has at all times been maintained in all material respect, as to both form and operation, in compliance with the requirements of Section 409A of the Code and the regulations promulgated thereunder, and the Company does not have any obligation to make any tax gross-up or indemnification payments to any individual as a result of the income inclusion, interest and penalty provisions of Section 409A or otherwise, and (vii) there are no pending or, to the Knowledge of the Company, threatened Actions with respect to any Company Plan, and no Company Plan is the subject of an examination or audit by a Governmental Entity.

(b) The execution, delivery and performance of this Agreement and the consummation of the Transactions will not, either alone or in combination with another event, result in (i) an increase in the amount of compensation or benefits payable to any Participant, (ii) any entitlements for any Participant to severance, termination, change in control or similar pay or benefits, (iii) the acceleration of the vesting or timing of the payment of any compensation or benefits payable to or in respect of any Participant or (iv) any increased or accelerated funding obligation with respect to any Company Plan. No payment or benefit provided to any Participant as a result (alone or in combination with any other event) of the execution, delivery and performance of this Agreement and the consummation of the Transactions, would constitute an "excess parachute payment" for purposes of Section 280G of the Code. Neither the Company nor any of its Affiliates is party to an agreement with a Participant that provides for any "gross up" payment for taxes pursuant to Sections 4999 or 409A of the Code.

SECTION 3.11 Labor Matters. Except for instances that, individually or in the aggregate, have not had and would not reasonably be expected to have a Material Adverse Effect, (a) neither the Company nor any of its Subsidiaries is party to any collective bargaining agreement or Contract with any labor organization, (b) with respect to its employees, there are not any ongoing or, to the Knowledge of the Company and each of its Subsidiaries, threatened union organizational activities, (c) there are not currently any labor strikes, slowdowns, work stoppages, pickets, lockouts or other material labor disputes with respect to the employees of the Company or any of its Subsidiaries, (d) the Company and its Subsidiaries are in compliance with all applicable Laws governing or concerning labor relations and employment, (e) neither the Company nor any of its Subsidiaries is delinquent in payments to any Participants for any wages, salaries, commissions, fees, bonuses, benefits or other compensation that is due for any services performed by them or any amounts required to be paid to any Participant for any post-employment or post-engagement of any type and is not liable for any arrears of any wages or any taxes or penalties for failure to comply with any of the foregoing, (f) no employee layoff, facility closure or similar reduction in force is currently contemplated, planned or announced, (g) no current employee or independent consultant of the Company has provided notice to the Company or, to the Knowledge of the Company, expressed intentions to terminate employment or engagement with the Company, (h) there has not been any Actions relating to, or any act or allegations of or relating to, sex-based discrimination, sexual harassment or sexual misconduct, or breach of any sex-based discrimination, sexual harassment or sexual misconduct policy of the Company relating to the foregoing, in each case involving the Company or any of its Subsidiaries or any current or former officer, director or employee of the Company or any of its Subsidiaries, and (i) the Company has not entered into any settlement agreement or similar out-of-court or pre-litigation arrangement relating to any matters described in clause (h).

SECTION 3.12 Environmental Matters. Except for those matters or Liabilities that, individually or in the aggregate, have not had and would not reasonably be expected to have a Material Adverse Effect, (a) each of the Company and its Subsidiaries is and has for the past three (3) years been in compliance with all Environmental Laws applicable to their respective business operations, (b) each of the Company and its Subsidiaries has obtained and has been in compliance with, all Permits required under Environmental Laws for the operation of their respective businesses as currently conducted, (c) there is no Action under any Environmental Law that is pending or, to the Knowledge of the Company, threatened against the Company or any of its Subsidiaries, (d) neither the Company nor any of its Subsidiaries has received any unresolved written notice alleging that the Company or any of its Subsidiaries is in violation of or has any Liability under any Environmental Laws, (e) neither the Company nor any of its Subsidiaries has treated, stored, disposed of, arranged for the disposal of, transported, handled or exposed any Person to any Material of Concern, or caused a release of any Material of Concern, including at any property owned or operated by the Company or any of its Subsidiaries, in such manner or to such extent reasonably expected to give rise to any Liabilities pursuant to any Environmental Law, (f) to the Knowledge of the Company, no other Person has caused a release of any Material of Concern at any property currently or formerly owned or operated by the Company or any of its Subsidiaries in such manner or to such extent reasonably expected to give rise to any Liabilities pursuant to any Environmental Law, and (g) neither the Company nor any of its Subsidiaries has conducted, funded, or reimbursed another Person for, environmental remedial activities pursuant to any Environmental Law.

SECTION 3.13 Intellectual Property.

(a) Section 3.13(a) of the Company Disclosure Letter sets forth a complete and correct list of all (i) issued patents and pending patent applications, (ii) trademark and service mark registrations and applications therefor, and all material unregistered trademarks and service marks that are not the subject of a pending application for registration, (iii) copyright registrations and applications therefor, and (iv) internet domain name registrations, in each case that are owned by the Company or any of its Subsidiaries (collectively, the "Registered Intellectual Property") included in the Company Intellectual Property. With respect to each item required to be listed in Section 3.13(a) of the Company Disclosure Letter, (A) either the Company or one of its Subsidiaries is the sole owner and possesses all right, title and interest in and to the item, free and clear of all Liens (other than Permitted Liens), and (B) to the Knowledge of the Company, no claim or allegation is pending or has been threatened that challenges the legality, validity, enforceability, registration, use or ownership of the item (except for office actions by the applicable Governmental Entities in the normal course of prosecution efforts in connection with applications for the registration or issuance of trademarks and patents). Each item of Registered Intellectual Property that is shown as registered, filed, issued, or applied for in Section 3.13(a) of the Company Disclosure Letter has been duly registered in, filed in or issued by the official governmental registers and/or issuers (or officially recognized registers or issuers) for such Intellectual Property, and each such registration, filing, issuance and/or application (x) has not been abandoned or cancelled, (y) has been maintained effective by all requisite filings, renewals and payments, and (z) remains in full force and effect. Furthermore, each item of Company Intellectual Property is (i) subsisting, valid and enforceable, and (ii) free and clear of any (A) Liens (other than Permitted Liens), (B) exclusive licenses, (C) non-exclusive licenses not granted in the ordinary course of business consistent with past practice, and (D) obligations to grant any of (A) – (C). The Company and its Subsidiaries own, or have sufficient rights pursuant to valid and enforceable written agreements to use, all Intellectual Property used in the conduct of the business of the Company and its Subsidiaries as currently conducted and as currently planned to be conducted.

(b) (i) No claims are pending or threatened against the Company or any of its Subsidiaries alleging that the conduct of the business of the Company and its Subsidiaries infringes, violates or misappropriates the Intellectual Property of any Person, (ii) no claims are pending or threatened by the Company or any of its Subsidiaries against any Person alleging any infringement, violation or misappropriation of the Intellectual Property owned by the Company or any of its Subsidiaries or concerning the ownership, validity, registrability or enforceability of any such Intellectual Property, (iii) the conduct of the business of the Company and its Subsidiaries has not infringed and does not infringe, violate or misappropriate the Intellectual Property of any Person, (iv) to the Knowledge of the Company, no Person is infringing, violating or misappropriating any Intellectual Property owned by the Company or its Subsidiaries, and (v) there have been no material breaches of the security of the Company's or its Subsidiaries' computer software, websites and systems (including the confidential data transmitted thereby or stored therein).

(c) The Company and its Subsidiaries have taken all commercially reasonable measures to maintain the confidentiality, integrity and value of all confidential Company Intellectual Property. No confidential information, trade secrets or other proprietary Company Intellectual Property has been disclosed to any Person by the Company or any of its Subsidiaries except pursuant to appropriate non-disclosure or license agreements that (i) obligate such Person to keep such confidential information, trade secrets or other proprietary Intellectual Property confidential both during and after the term of such agreement, and (ii) are valid, subsisting, in full force and effect and binding on the parties thereto and with respect to which no party thereto is in material default thereunder and no condition exists that with notice or the lapse of time or both could constitute a material default thereunder. Correspondingly, to the Knowledge of the Company, there has been no unauthorized use or disclosure of any confidential Company Intellectual Property.

(d) To the extent that any Intellectual Property has been conceived, developed or created for the Company or any of its Subsidiaries, in whole or part, by any current or former employee, independent contractor, or agent, each of the Company or any of its Subsidiaries, as applicable, has executed valid and enforceable written agreements with such Person with respect thereto transferring to Company or one of its Subsidiaries the entire and unencumbered right, title and interest therein and thereto by operation of law or by valid written assignment. No Person has asserted, and to the Knowledge of the Company, no Person has, any right, title, interest or other claim in, or the right to receive any royalties or other consideration with respect to, any Company Intellectual Property.

(e) The IT Assets of the Company and its Subsidiaries (i) are sufficient for the needs of their businesses in all material respects (including with respect to the number of license seats) and (ii) operate in all material respects in accordance with their documentation and functional specifications, and as required by the Company and its Subsidiaries, and have not, in the last five years, materially malfunctioned or failed such that it resulted in a disruption to the conduct of the business. The Company and its Subsidiaries have taken commercially reasonable measures to protect against unauthorized access to or use of its IT Assets and no such unauthorized access or use has occurred. The IT Assets of the Company and each of its Subsidiaries (i) are free from any viruses, malware, Trojan horses, worms or other contaminants that are designed to enable unauthorized access thereto or to adversely affect the functionality thereof, (ii) currently operate free of defects or malfunctions that would reasonably be expected to cause a material disruption to any of the Company's or any of its Subsidiary's businesses and (iii) have sufficient capacity and performance to meet the current and foreseeable business requirements of the applicable Company's or any of its Subsidiary's business. To the Knowledge of the Company, there have not been any incidents of security breaches to, or other material unauthorized access to or use of, (i) any of its IT Assets (including with respect to any data or other information stored or contained therein or accessed, transmitted or processed thereby), or (ii) any data, trade secrets or other confidential information of the Company or any of its Subsidiaries, including any business information and/or personally-identifying information or data of any Person. Each of the Company and each of its Subsidiaries has in place a disaster recovery and data backup plan which is fully documented and would enable the business of the Company or its Subsidiary, as applicable, to continue if there were significant damage to or destruction of some or all of the IT Assets.

(f) No software included in the Company Intellectual Property, which is distributed to any third party by or on behalf of the Company or its Subsidiaries (other than software identified as belonging to a third party and subject to a third party paid or public license), or for which the Company or its Subsidiaries have current plans to distribute to any third party, incorporates or is comprised of or distributed with any publicly-available software, or is otherwise subject to the provisions of any "open source" or third party license agreement that (i) requires the distribution of source code in connection with the distribution of such software in object code form; (ii) materially limits the Company's or any of its Subsidiaries' freedom to seek full compensation in connection with marketing, licensing, and distributing such applications; or (iii) allows a customer or requires that a customer have the right to decompile, disassemble or otherwise reverse engineer the software by its terms and not by operation of law. With respect to each item of software included in the Company Intellectual Property, either the Company or one of its Subsidiaries is (or will be at Closing) in actual possession and control of the applicable source code, object code, code writes, notes, documentation, programmers' source code annotations, user manuals and know-how to the extent required for use, distribution, development, enhancement, maintenance and support of such software, subject to any non-exclusive licenses granted to third parties therein in the ordinary course of business.

SECTION 3.14 Title to Property. The Company and each of its Subsidiaries has good and marketable title to their respective owned real properties, and good and marketable title to all of its or their personal properties (whether tangible or intangible), rights and assets, free and clear of all Liens in all material respects other than Permitted Liens. The Company or one of its Subsidiaries has a good and valid leasehold interest in each material Company Lease, free and clear of all Liens (other than Permitted Liens) and to the Knowledge of the Company, none of the Company or any of its Subsidiaries has received written notice of any material default under any agreement evidencing any Lien or other agreement affecting any Company Lease, which default continues on the date hereof.

SECTION 3.15 Material Contracts. Each Contract which is required to be filed as an exhibit by the Company with the SEC pursuant to Items 601(b)(4) and 601(b)(10) of Regulation S-K promulgated by the SEC (a "***Material Contract***") is in the Company SEC Documents. Each Material Contract is the legal, valid and binding obligation of the Company enforceable against the Company and, to the Knowledge of the Company, any other party thereto, in accordance with its terms, subject, as to enforceability, to the Bankruptcy and Equity Exception. There has not occurred any breach, violation or default or any event that, with the lapse of time, the giving of notice or the election of any Person, or any combination thereof, would constitute a breach, violation or default by the Company under any such Material Contract or, to the Knowledge of the Company, by any other Person to any such Material Contract, except for such breaches, violations or defaults that would not, individually or in the aggregate, reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole. The Company has not been notified that any party to any Material Contract intends to cancel, terminate, not renew or exercise an option under any Material Contract, whether in connection with the Transactions or otherwise.

SECTION 3.16 Insurance. (a) Neither the Company nor any of its Subsidiaries is in material default under any material insurance policy of the Company, (b) all material claims made thereunder have been properly and timely filed, (c) all premiums have been timely paid, and (d) no written notice of cancellation or termination of coverage has been received by the Company or its Subsidiaries with respect to any such material insurance policy, other than in connection with ordinary renewals. The Company and its Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the business in which the Company and its Subsidiaries are engaged. Each material insurance policy of the Company is in full force and effect and is the valid and binding obligation of the Company or its applicable Subsidiary named as the insured therein, subject, as to enforceability, to the Bankruptcy and Equity Exception.

SECTION 3.17 Sale of Securities. Assuming the accuracy of the representations and warranties set forth in Section 4.06, the offer, sale and issuance of the Series A Preferred Stock pursuant to this Agreement and the conversion of the Series A Preferred Stock into Common Stock are exempt from the registration requirements and prospectus delivery requirements of the Securities Act and the blue sky laws of the various states. Without limiting the foregoing, neither the Company nor, to the Knowledge of the Company, any Person acting on its behalf has made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause the offering or issuance of Series A Preferred Stock under this Agreement to be integrated with prior offerings by the Company for purposes of the Securities Act that would result in none of Regulation D or any other applicable exemption from registration under the Securities Act to be available, nor will the Company take any action or steps that would cause the offering or issuance of Series A Preferred Stock under this Agreement to be integrated with other offerings by the Company.

SECTION 3.18 No Broker. Except for Barrington Research Associates, Inc., no agent, broker, investment banker, financial advisor or other firm or Person is or will be entitled to any broker's, finder's, financial advisor's or any other commission or similar fee, or the reimbursement of expenses in connection therewith, in connection with any of the Transactions based upon arrangements made by, or on behalf of, the Company or any of its Subsidiaries.

SECTION 3.19 Listing and Maintenance Requirements. The Common Stock is registered pursuant to Section 12(b) of the Exchange Act and listed on NASDAQ, and the Company has taken no action designed to (or which, to the Knowledge of the Company, is reasonably likely to) have the effect of, terminating the registration of the Common Stock under the Exchange Act or delisting the Common Stock from NASDAQ, nor has the Company received, as of the date hereof, any notification that the SEC or NASDAQ is contemplating terminating such registration or listing.

SECTION 3.20 Investment Company Act. The Company is not, and immediately after receipt of payment for the Series A Preferred Stock will not be, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

SECTION 3.21 No "Bad Actor" Disqualification. No "Bad Actor" disqualifying event described in Rule 506(d)(1)(i) to (viii) of the Securities Act (a "***Disqualification Event***") is applicable to the Company, except for a Disqualification Event as to which Rule 506(d)(2)(ii-iv) or (d)(3) is applicable.

SECTION 3.22 No Rights Agreement. The Company is not party to, nor is it currently contemplating, a stockholder rights agreement, "poison pill" or similar antitakeover agreement or plan and no takeover statutes currently in effect in any jurisdiction in which the Company operates are applicable.

SECTION 3.23 Certain Business Relationships with Affiliates. Other than the Transactions and except as set forth in Section 3.23 of the Company Disclosure Letter or in the Company SEC Documents, none of the officers, directors or stockholders of the Company is presently a party to any transaction, agreement or arrangement with the Company (other than for services as officers and directors entered into in the ordinary course of business) that would be required to be disclosed pursuant to Item 404 of Regulation S-K promulgated under the Securities Act.

SECTION 3.24 Privacy and Data Protection. The Company and its Subsidiaries have operated their businesses in a manner compliant in all material respects with applicable privacy and data protection Laws and contractual obligations applicable to the Company's and its Subsidiaries' collection, handling, storage, processing, use, transmission, disclosure and securing of their and their customers' data. The Company and its Subsidiaries have policies and procedures in place to ensure the integrity and security of the data collected, handled, stored, processed, used, transmitted or disclosed in connection with the delivery of their product offerings. The Company and its Subsidiaries comply with, and have reasonable policies and procedures in place to ensure compliance with, privacy and data protection Laws and take appropriate steps to assure compliance in all material respects with such policies and procedures. Such policies and procedures comply in all material respects with all Laws applicable to the Company and/or its Subsidiaries, as well as all contractual obligations applicable to the Company and/or its Subsidiaries. The Company and its Subsidiaries have required and do require all third parties to which they provide any confidential, sensitive or protected data to maintain the privacy and security of such data, including by contractually requiring such third parties to protect such data from unauthorized access by and/or disclosure to any unauthorized third parties. No claims are pending or threatened against the Company or any of its Subsidiaries alleging that the Company or any of its Subsidiaries has not complied with applicable Laws or contractual obligations regarding privacy or data protection. Neither the Company nor its Subsidiaries have experienced (i) any security incident that has materially compromised the privacy and/or security of any data, or required the Company or any of its Subsidiaries to provide notice of such incident to affected individual Persons or any Governmental Entity or Educational Agency, or (ii) any failure or substandard performance of any information technology, information security, database or other computer system which has resulted in any material disruption to the business of the Company or its Subsidiaries.

SECTION 3.25 Illegal Payments; FCPA Violations. During the past five (5) years, none of the Company, any of its Subsidiaries, nor, to the Knowledge of the Company, any director, officer, agent or employee of the Company or any of its Subsidiaries has (i) in violation of any Anticorruption Law, paid, caused to be paid, agreed to pay, or offered, directly or indirectly, in connection with the business of the Company or any of its Subsidiaries, any payment or gift given to any Person acting in an official capacity for any Governmental Entity, to any political party or official thereof, or to any candidate for political office (each, a "***Government Official***") with the purpose of (w) influencing any act or decision of such Government Official in his official capacity; (x) inducing such Government Official to perform or omit to perform any activity related to his legal duties; (y) securing any improper advantage; or (z) inducing such Government Official to influence or affect any act or decision of any Governmental Entity, in each case, in order to assist the Company or its Affiliates in obtaining or retaining business for or with, or in directing business to, the Company or its Affiliates; (ii) made any illegal contribution to any political party or candidate; (iii) intentionally established or maintained any unrecorded fund or asset or made any false entries on any books or records for any purpose; (iv) taken any action that would violate the U.S. Foreign Corrupt Practices Act (the "***FCPA***"), the UK Bribery Act 2010 or any other applicable anti-bribery or anti-corruption Laws under any applicable jurisdictions (collectively, "***Anticorruption Laws***"); or (v) paid, caused to be paid, agreed to pay, or offered, directly or indirectly, in connection with the business of the Company, any bribe, kickback or other similar payment or gift to any supplier or customer in violation of an Anticorruption Law. The Company has not received any notice alleging any such violations or conducted any internal investigation with respect to any actual, potential or alleged violation of Anticorruption Laws.

SECTION 3.26 Compliance with Money Laundering Laws. The operations of the Company and its Subsidiaries are and, during the past five (5) years, have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering Laws of all jurisdictions, the rules and regulations thereunder and any related or similar Laws or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the "***Money Laundering Laws***") and no Action by or before any Governmental Entity involving the Company or any of its Subsidiaries with respect to the Money Laundering Laws is pending or, to the Knowledge of the Company, threatened.

SECTION 3.27 Educational Approvals; Compliance with Educational Laws. The following representations set forth in this Section 3.27 are subject to the exceptions set forth in the Company Disclosure Letter.

(a) Since the Compliance Date, the Company, including its Subsidiaries and Schools, has received the material licenses, permits, and approvals of all Governmental Entities and Educational Agencies necessary to conduct their businesses, including all material Educational Approvals necessary for each School to conduct its operations and offer its educational programs. Since the Compliance Date, the Company, including its Subsidiaries and Schools, is and has been in material compliance with all applicable Educational Laws and with the terms and conditions of all Educational Approvals. Each current Educational Approval is in full force and effect, and no proceeding for the suspension, material limitation, revocation, termination or cancellation of any Educational Approval is pending or, to the Knowledge of the Company, threatened. Since the Compliance Date, no application made by any School to any Governmental Entity or Educational Agency has been denied. Since the Compliance Date, neither the Company nor any of its Subsidiaries or Schools has received notice from any Governmental Entity or Educational Agency that it has been placed on probation or ordered to show cause why any Educational Approval for any School or any of its educational programs should not be revoked. Since the Compliance Date, neither the Company nor any of its Subsidiaries or Schools has received notice that any current Educational Approval will not be renewed.

(b) Each School is an "eligible institution," as defined in 34 C.F.R. § 600.2 (and the other applicable sections incorporated therein by reference) and each School is a "proprietary institution of higher education" as defined at 34 C.F.R. § 600.5. Each School is in material compliance with the applicable "state authorization" requirements set forth at 34 C.F.R. § 600.9 and meets the qualifications to be licensed by the applicable Governmental Entities and Educational Agencies. Each School is accredited by the applicable Accrediting Bodies, and has been certified by the DOE as an eligible institution of higher education and is a party to a program participation agreement with the DOE.

(c) To the Knowledge of the Company, no fact or circumstance exists or is reasonably likely to occur that would reasonably be expected to result in the delay, termination, revocation, suspension, restriction or failure to obtain renewal of any Educational Approval or the imposition of any material fine, penalty or other sanctions for violation of any legal or regulatory requirements relating to any Educational Approval.

(d) Since the Compliance Date, the Company, including its Subsidiaries and Schools, has been in material compliance with any and all applicable Educational Laws relating to Financial Assistance Programs, including the program participation and administrative capability requirements, as defined by the DOE at 34 C.F.R. 668 subpart B, including §§ 668.14 and 668.15-16, as well as the student eligibility requirements and satisfactory progress requirements, as defined by DOE at 34 C.F.R. § 668.31-39.

(e) Since the Compliance Date, the School(s) have not received greater than ninety percent (90%) of its revenues from Title IV Programs, as such percentage is required to be calculated under 34 C.F.R. §§ 668.14 and 668.28.

(f) Since the Compliance Date, each School has complied with the Cohort Default Rate regulations set forth in 34 C.F.R. Part 668, Subpart N.

(g) Each School has been in compliance, in all material respects, with the applicable limitations set forth in 34 C.F.R. § 600.7.

(h) Since the Compliance Date, the Company, including its Subsidiaries and Schools, has obtained or maintained all material Educational Approvals required to operate each additional campus, location, or facility of the Schools and required in order to disburse Title IV Program funds to students at such additional campus, location, or facility, as applicable.

(i) Since the Compliance Date, the Company, including its Subsidiaries and Schools, has timely reported, in compliance in all material respects with the applicable provisions of 34 C.F.R. Part 600: (i) the addition of any new educational programs or locations; and (ii) any shifts in ownership or control, including any changes in reported ownership levels or percentages. Since the Compliance Date, the Company, including its Subsidiaries and Schools, has complied, in all material respects, with all Educational Laws related to the closure or cessation of instruction at that location or facility, including requirements for teaching out students from that location or facility.

(j) Since the Compliance Date, the Company, including its Subsidiaries and Schools, has complied, in all material respects, with the DOE requirements that no student receive a disbursement of Title IV Program funds prior to the date for which such student was eligible for such disbursement.

(k) Since the Compliance Date, the Company, including its Subsidiaries and Schools, have not violated in any material respect any of the Title IV Program requirements, as set forth at 20 U.S.C. § 1094(a)(20) and implemented at 34 C.F.R. § 668.14(b)(22), regarding the payment of a commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any Person engaged in any student recruiting or admission activities or in making decisions regarding the awarding of Title IV Program funds.

(l) Since the Compliance Date, the Company, including its Subsidiaries and Schools, has complied, in all material respects, with 20 U.S.C. § 1085(d)(5) and 34. C.F.R. § 682.212 regarding prohibited inducements in the Federal Family Education Loan Program. Since the Compliance Date, each School has complied, in all material respects, with the Educational Laws prohibiting any School, employee, agent or official thereof from accepting any gift, payment, inducement, benefit, staffing assistance, advisory board position, or other thing of value in exchange for directing Educational Loan or Private Educational Loan applications to any lender. Since the Compliance Date, neither the Company, nor any of its Subsidiaries or Schools have received any written notice of any investigation by any Educational Agency or other Governmental Entity regarding the Company's, any Subsidiary of the Company's or the Schools' student lending practices.

(m) Since the Compliance Date, neither the Company, nor any of its Subsidiaries and Schools has provided any educational instruction on behalf of any other institution or organization of any sort, and no other institution or organization of any sort has provided any educational instruction on behalf of any School.

(n) Since the Compliance Date, the Company, including its Subsidiaries and Schools, has materially complied with the DOE's financial responsibility requirements in accordance with 34 C.F.R. § 668.171-175 not including any compliance based on the posting of an irrevocable letter of credit in favor of the DOE or the placement by the DOE in the "zone alternative" as set forth at 34 C.F.R. § 668.175(d). Except for state surety bonds required for the purposes of licensure or authorization by any Governmental Entity or Educational Agency, since the Compliance Date, neither the Company, nor any of its Subsidiaries or Schools have received written notice of a request by any Governmental Entity or Educational Agency requiring the Company, its Subsidiaries or any School to post a letter of credit 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 received any request or requirement that the School process its Title IV Program funding under the reimbursement or heightened cash monitoring procedures, other than Heightened Cash Monitoring Level 1 procedures, as those procedures are set forth at 34 C.F.R. § 668.162.

(o) The Company, including its Subsidiaries and Schools, is in material compliance with all Educational Agency, DOE, and other Governmental Entity requirements and regulations, including requirements set forth at 34 C.F.R. § 668.22, relating to (i) fair and equitable refunds policy and (ii) the calculation and timely repayment of federal and nonfederal funds.

(p) To the Knowledge of the Company, there exist no facts or circumstances attributable to the Company, its Subsidiaries or Schools or any other Person that exercises Substantial Control (as that term is defined at 34 C.F.R. § 668.174(c)(3)) with respect to the Company, its Subsidiaries or Schools, that would, individually or in the aggregate, reasonably be expected to materially and adversely affect the Company's, or any Subsidiary's or the School's ability to obtain any required notices or consents under Educational Laws, Educational Approval or other consent or approval that must be obtained in connection with the Transactions.

(q) Since the Compliance Date, the Company, including its Subsidiaries and Schools, has complied in all material respects with Educational Laws regarding misrepresentation, including 34 C.F.R. Part 668 Subpart F.

(r) Since the Compliance Date, the Company, including its Subsidiaries and Schools, has complied, in all material respects, with the consumer disclosure requirements in 34 C.F.R. Part 668 Subpart D.

(s) Since the Compliance Date, each School has complied, in all material respects, with any applicable Educational Laws regarding that School's completion, placement, withdrawal and retention rates, and, to the Company's Knowledge, has accurately calculated and reported all such rates.

(t) Since the Compliance Date, neither the Company nor its Subsidiaries, nor any Person that exercises Substantial Control (as that term is defined at 34 C.F.R. § 668.174(c)(3)) over the Company or any Subsidiary of the Company or any School, or member of such person's family (as the term "family" is defined in 34 C.F.R. § 668.174(c)(4)), alone or together, (i) exercises or exercised Substantial Control over another 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 Title IV Program violation.

(u) Since the Compliance Date, to the Knowledge of the Company, neither the Company nor any of its Subsidiaries or Schools have employed in a capacity involving administration of Title IV Program funds, any individual who has been convicted of, or has pled *nolo contendere* or guilty to, a crime involving the acquisition, use or expenditure of funds of a Governmental Entity or Educational Agency, or has been administratively or judicially determined to have committed fraud or any other material violation of law involving funds of any Governmental Entity or Educational Agency.

(v) Since the Compliance Date, to the Knowledge of the Company, neither the Company nor any of its Subsidiaries or Schools have contracted with an institution or third-party servicer that has been terminated under § 487 of the HEA for a reason involving the acquisition, use, or expenditure of funds of a Governmental Entity or Educational Agency, or has been administratively or judicially determined to have committed fraud or any other material violation of law involving funds of any Governmental Entity or Educational Agency.

(w) Since the Compliance Date, neither the Company nor any of its Subsidiaries, nor any owner that has the power, by contract or ownership interest, to direct or cause the direction or management of policies of any School has filed for relief in bankruptcy or had entered against it an order for relief in bankruptcy.

(x) Since the Compliance Date, neither the Company nor any of its Subsidiaries, or any officer of the Company or a Subsidiary or a School has pled guilty to, pled *nolo contendere*, or been found guilty of, a crime involving the acquisition, use or expenditure of funds under the Title IV Programs or been judicially determined to have committed fraud involving funds under the Title IV Programs.

(y) Since the Compliance Date, to the Knowledge of the Company, neither the Company nor any of its Subsidiaries or Schools has contracted with 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 Entity or Educational Agency, or administratively or judicially determined to have committed fraud or any other material violation of law involving funds of any Governmental Entity or Educational Agency.

(z) Since the Compliance Date, the Company, its Subsidiaries and each School has complied, in all material respects, with all applicable requirements regarding the safeguarding of student records, including the Family Educational Rights and Privacy Act (20 U.S.C. § 1232g; 34 C.F.R. Part 99).

SECTION 3.28 Disclosure. The Company understands and confirms that the Investors will rely on the foregoing representations in effecting transactions in securities of the Company. All disclosure furnished by or on behalf of the Company to the Investors regarding the Company, its business and the Transactions, including the Company Disclosure Letter, is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. The Company acknowledges and agrees that no Investor makes or has made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in Article IV hereof.

ARTICLE IV
Representations and Warranties of the Investors

Each Investor severally and not jointly, only as to itself, represents and warrants to the Company as of the date hereof and as of the Closing Date (except for representations and warranties that are made as of a specific date, which are made only as of such date) that:

SECTION 4.01 Organization and Authority. Such Investor is a legal entity duly organized, validly existing and in good standing (where such concept is recognized under applicable Law) under the Laws of its jurisdiction of incorporation or formation and has all requisite corporate, limited liability company or other power and authority to carry on its business as it is now being conducted.

SECTION 4.02 Authorization; Enforceability. Such Investor has all requisite corporate, limited liability company or other power and authority to execute and deliver this Agreement and the Registration Rights Agreement and to perform its obligations hereunder and thereunder and to consummate the Transactions. The execution, delivery and performance by such Investor of this Agreement and the Registration Rights Agreement, and the consummation by such Investor of the Transactions, have been duly authorized and approved by all necessary corporate, limited liability company or other action on the part of such Investor. This Agreement has been and, as of the Closing, the Registration Rights Agreement will be, duly executed and delivered by such Investor and, assuming the due authorization, execution and delivery hereof and thereof by the Company and the other Investors, constitutes a legal, valid and binding obligation of such Investor, enforceable against such Investor in accordance with its terms, subject, as to enforceability, to the Bankruptcy and Equity Exception.

SECTION 4.03 No Conflict. Neither the execution and delivery of this Agreement nor the Registration Rights Agreement by such Investor, nor the consummation by such Investor of the Transactions, nor performance or compliance by such Investor with any of the terms or provisions hereof or thereof, will (i) conflict with or violate any provision of any of such Investor's organizational or governing documents or (ii) assuming that the authorizations, consents and approvals referred to in Section 4.04 are obtained prior to the Closing Date and the filings referred to inSection 4.04 are made, (A) any term, condition or provision of any material Contract to which such Investor or any of its Affiliates is a party or by which any of its properties or assets are bound and that is material to the business of such Investor and its Affiliates, taken as a whole, (B) any applicable Law that is material to such Investor and its Affiliates, taken as a whole, or (C) any Governmental Order, concession, grant or franchise, in each case, applicable to such Investor or any of its Affiliates or any of its properties or assets, other than, in the case of clause (ii) above, any such conflicts, violations, breaches, defaults, rights, losses or Liens that, individually or in the aggregate, have not had and would not reasonably be expected to have a material adverse effect on such Investor's ability to consummate the Transactions.

SECTION 4.04 Governmental Approvals. Except for (a) compliance with the applicable requirements of the Exchange Act, (b) compliance with any applicable rules and regulations of NASDAQ, (c) the filing by the Company of the Series A Certificate of Amendment with the Department of the Treasury of the State of New Jersey pursuant to the New Jersey Business Corporation and (d) such Consents, declarations or registrations with any Governmental Entity as are necessary as a result of any facts or circumstances relating solely to the Company and its Affiliates, no Consent, declaration or registration with, any Governmental Entity is necessary for the execution and delivery of this Agreement and the Registration Rights Agreement by such Investor, the performance by such Investor of its obligations hereunder and thereunder and the consummation by such Investor of the Transactions.

SECTION 4.05 No Broker. No agent, broker, investment banker, financial advisor or other firm or Person is entitled to any broker's, finder's, financial advisor's or other similar fee or any other commission or similar fee, or the reimbursement of expenses in connection therewith, in connection with any of the Transactions based upon arrangements made by or on behalf of such Investor or any of its Affiliates, except for Persons, if any, whose fees and expenses will be paid by such Investor or one of its Affiliates or reimbursed by the Company as described in Section 5.05.

SECTION 4.06 Purchase for Investment. Such Investor acknowledges that the Series A Preferred Stock will not have been registered under the Securities Act or under any state or other applicable securities Laws. Such Investor (a) acknowledges that it is acquiring the Series A Preferred Stock (and the Conversion Shares) pursuant to an exemption from registration under the Securities Act solely for investment and for such Investor's own account, not as nominee or agent, and with no present intention or view to distribute any of the Series A Preferred Stock (or the Conversion Shares) to any Person in violation of the Securities Act, (b) will not sell or otherwise dispose of any of the Series A Preferred Stock or the Conversion Shares, except in compliance with the registration requirements or exemption provisions of the Securities Act and any other applicable state securities Laws, (c) is knowledgeable, sophisticated and experienced in financial and business matters, has previously invested in securities similar to the Series A Preferred Stock and the Conversion Shares, fully understands the limitations on transfer and the restrictions on sales of such Series A Preferred Stock and Conversion Shares, and is able to bear the economic risk of its investment and afford the complete loss of such investment, (d) (i) has such knowledge and experience in financial and business matters and in investments of this type, that it is capable of evaluating the merits and risks of its investment in the Series A Preferred Stock and the Conversion Shares and of making an informed investment decision, (ii) has conducted an independent review and analysis of the business and affairs of the Company and its Subsidiaries and (iii) based thereon and on its own knowledge, has formed an independent judgment concerning the advisability of the Transactions, (e) is an "accredited investor" (as such term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act), and (f) is not a broker–dealer registered with the SEC under the Exchange Act or an entity engaged in a business that would require it to be so registered.

SECTION 4.07 Private Placement Consideration. Such Investor understands and acknowledges that (a) its representations and warranties contained herein are being relied upon by the Company as a basis for availing itself of such exemption and other exemptions under the securities Laws of all applicable states and for other purposes, (b) no U.S. state or federal agency has made any finding or determination as to the fairness of the terms of the sale of the Series A Preferred Stock or any recommendation or endorsement thereof and (c) the Series A Preferred Stock are "restricted securities" under the Securities Act inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under applicable securities Laws such Series A Preferred Stock (and the Conversion Shares) may be resold without registration under the Securities Act only in certain limited circumstances.

SECTION 4.08 Tax Matters. Each Investor has delivered to the Company a duly executed and completed Internal Revenue Service ("***IRS***") Form W-8 or Form W-9, as applicable, certifying that such Investor is not subject to backup withholding.

ARTICLE V
Additional Agreements

SECTION 5.01 Public Announcements. The Company shall, by 8:30 a.m. (New York City time) on the Business Day immediately following the date hereof, issue a press release in such form as shall be mutually agreed by the Company and Juniper, on behalf of the Investors, disclosing the material terms of the transactions contemplated hereby, and by the fourth Business Day following the date hereof, file a Current Report on Form 8-K, filing the Transaction Documents as exhibits thereto. The Company and Juniper, on behalf of the Investors, shall consult with each other in issuing any other press releases with respect to the transactions contemplated hereby, and neither the Company nor Juniper or any other Investor shall issue any such press release or otherwise make any such public statement without the prior consent of the Company, with respect to any press release of any Investor, or without the prior consent of Juniper, on behalf of the Investors, with respect to any such press release of the Company, which consent shall not unreasonably be withheld, delayed or conditioned, except if such disclosure is required by applicable Law, in which case the disclosing party shall promptly provide the other party with prior notice of such public statement or communication. Notwithstanding the foregoing, the Company shall not publicly disclose the name of any Investor, or include the name of any Investor in any filing with the Commission or any regulatory agency or with NASDAQ, without the prior written consent of such Investor, except (i) as required by federal securities law in connection with (A) any registration statement contemplated by the Registration Rights Agreement and (B) the filing of final Transaction Documents (including signature pages thereto) with the SEC and (ii) to the extent such disclosure is required by law or by NASDAQ regulations, in which case the Company shall provide the Investors with prior notice of such disclosure permitted under this clause (ii).

SECTION 5.02 Corporate Action.

(a) At any time that any shares or fraction of a share of Series A Preferred Stock remain outstanding, the Company shall:

(i) from time to time take all action necessary to cause the authorized capital stock of the Company to include a sufficient number of authorized but unissued shares of Common Stock to satisfy the conversion requirements of all of the Series A Preferred Stock then outstanding; and

(ii) not effect any voluntary deregistration under the Exchange Act or any voluntary delisting with NASDAQ in respect of the Common Stock, other than in connection with a Fundamental Change (as defined in the Series A Certificate of Amendment) pursuant to which the Company agrees to satisfy, or will otherwise cause the satisfaction, in full of its obligations under Section 4, Section 5, Section 8 and Section 16 of the Series A Certificate of Amendment or is otherwise consistent with the terms set forth in Section 4, Section 5, Section 8 and Section 16 of the Series A Certificate of Amendment;

(b) If any occurrence since the date of this Agreement until the Closing would have resulted in an adjustment to the Series A Conversion Rate (as defined in the Series A Certificate of Amendment) pursuant to the Series A Certificate of Amendment if the Series A Preferred Stock had been issued and outstanding since the date of this Agreement, the Company shall adjust the Series A Conversion Rate (as defined in the Series A Certificate of Amendment), effective as of the Closing, in the same manner as would have been required by the Series A Certificate of Amendment if the Series A Preferred Stock had been issued and outstanding since the date of this Agreement;

(c) No claim will be made or enforced by the Company or, with the consent of the Company, any other Person, that any Investor is an acquiring person under a rights plan or any other control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or similar anti-takeover plan or arrangement in effect or hereafter adopted by the Company, or that any Investor could be deemed to trigger the provisions of any such plan or arrangement, by virtue of receiving Series A Preferred Stock under the Transaction Documents or under any other agreement between or among the Company and the Investors; and

SECTION 5.03 NASDAQ Listing of Shares. To the extent the Company has not done so before the date of this Agreement, the Company shall promptly apply to cause the Conversion Shares to be approved for listing on NASDAQ. From time to time following the Closing Date, the Company shall cause the number of shares of Common Stock issuable upon conversion or redemption of the then outstanding shares of Series A Preferred Stock to be approved for listing on NASDAQ.

SECTION 5.04 Use of Proceeds. The Company shall use the proceeds from the issuance and sale of the Series A Preferred Stock (a) to pay any costs, fees and expenses incurred by it in connection with the Transactions, including the reimbursement of Juniper's expenses pursuant to Section 5.05 and (b) for working capital or other general corporate purposes (including the repayment in full of the Company's existing credit agreement dated March 31, 2017 with Sterling National Bank).

SECTION 5.05 Expenses. Except as otherwise expressly provided herein, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the Transactions shall be paid by the party incurring such costs and expenses; *provided* that the Company shall, at the Closing, or if the Closing does not occur, within a reasonable time, reimburse Juniper for their and their Affiliates' reasonable and documented out-of-pocket third-party costs and expenses incurred in connection with the Transactions and the Transaction Documents; *provided*, *further*, that the maximum amount of such costs and expenses to be reimbursed by the Company shall not exceed $300,000 in the aggregate. Juniper may effect such reimbursement at the Closing by withholding from the payment of the purchase price the amount to which it is entitled to reimbursement pursuant to the preceding sentence. Notwithstanding the withholding of such amount, Juniper shall be deemed to have paid to the Company the full amount so withheld.

SECTION 5.06 Board Composition. Prior to the Closing, the Company covenants and agrees that it shall take all actions necessary to cause the Board to be composed at Closing as provided in Section 17 of the Series A Certificate of Amendment and to cause each committee of the Board, effective as of the Closing, to be composed as set forth therein, including by taking all necessary actions to, effective as of the Closing, increase the number of directors of the Board by one (1) and appoint John A. Bartholdson as a director of the Company and a member of each committee of the Board (which appointment shall be effective as of the Closing).

SECTION 5.07 Legends. The Company may place appropriate and customary legends on the Series A Preferred Stock (and the Common Stock issuable upon conversion or pursuant to the terms thereof) held by such Investor setting forth the restrictions referred to in this Article V and any restrictions appropriate for compliance with U.S. federal securities Laws. Such Investor agrees that, other than to take into account any changes in applicable securities Laws, each share of Series A Preferred Stock held by such Investor on the Closing Date may be notated with one or all of the following legends:

(a) "THESE SECURITIES AND THE SECURITIES ISSUABLE UPON THE CONVERSION THEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. THE SECURITIES MAY NOT BE OFFERED, SOLD, PLEDGED, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT (1) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (2) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT RELATING TO SUCH SECURITIES UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE STATE SECURITIES LAWS AND THE SECURITIES LAWS OF OTHER JURISDICTIONS."

(b) "THE SALE, PLEDGE, HYPOTHECATION OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO, AND IN CERTAIN CASES PROHIBITED BY, THE TERMS AND CONDITIONS OF A CERTAIN SECURITIES PURCHASE AGREEMENT AS MAY BE AMENDED FROM TIME TO TIME, BY AND AMONG THE STOCKHOLDER, THE CORPORATION, AND CERTAIN OTHER HOLDERS OF STOCK OF THE CORPORATION. COPIES OF SUCH AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE COMPANY AT ITS PRINCIPAL EXECUTIVE OFFICES."

(c) Any legend set forth in, or required by, the other Transaction Documents.

(d) Any legend required by the securities Laws of any state to the extent such Laws are applicable to the Series A Preferred Stock represented by the certificate, instrument, or book entry so legended.

SECTION 5.08 Tax Matters. The Company shall use reasonable best efforts to monitor the ownership of the stock of the Company by "5-percent shareholders" (as defined pursuant to Section 382(k)(7) of the Code) and shall notify the Investors to the extent the Company determines that the percentage of the stock of the Company owned by one or more "5-percent shareholders" has increased by more than 40 percentage points (taking into account the issuance of the Series A Preferred Stock hereunder) over the lowest percentage of stock of the Company owned by such shareholders at any time during the applicable "testing period" (as defined pursuant to Section 382(i) of the Code); *provided*, *that*, as used in this provision, "reasonable best efforts to monitor" shall mean, absent the filing with the SEC of an amendment on Schedule 13D or Schedule 13G disclosing significant acquisitions of additional shares of Common Stock, once a year in connection with the Company's annual audit.

SECTION 5.09 Anti-takeover Laws. The Company shall ensure that the Transactions shall not have the effect of causing any relevant corporate takeover statute or other similar statute or Laws to be applicable to the Transactions and, to the extent there is such a statute, to take all actions required to exempt the Transactions from such statutes or Laws.

SECTION 5.10 Delivery of Series A Certificate of Amendment. As of the Closing, the Company shall have duly adopted and caused to be filed with the Department of the Treasury of the State of New Jersey the Series A Certificate of Amendment in the form attached hereto as **Exhibit A**, with such changes thereto as Juniper and the Company may reasonably both agree, and any related filings, forms or applications.

SECTION 5.11 Amendments to Corporate Documents. The Company and the Investors shall cooperate in good faith to identify and use commercially reasonable efforts to implement any mutually acceptable amendments to the delegations of authority of the Board, the Company's corporate governance guidelines, the Bylaws and such other guidelines, policies, committee charters or similar documents of the Company and any other amendments reasonably necessary to effectuate and implement the rights of the holders of Series A Preferred Stock set forth in the Series A Certificate of Amendment and Registration Rights Agreement. The covenants set forth in this Section 5.11 shall survive the Closing.

SECTION 5.12 Tax Treatment. Absent a change in law or IRS practice, or a contrary determination (as defined in Section 1313(a) of the Code), the Investors and the Company agree not to treat the Series A Preferred Stock as "preferred stock" within the meaning of Section 305 of the Code and Treasury Regulation Section 1.305-5 for United States federal income Tax and withholding Tax purposes, and shall not take any position inconsistent with such treatment.

SECTION 5.13 Non-Public Information. Except with respect to the material terms and conditions of the Transactions, the Company covenants and agrees that neither it nor any other Person acting on its behalf will provide any Investor or its agents or counsel with any information that the Company believes constitutes material non-public information, unless prior thereto such Investor shall have executed a written agreement regarding the confidentiality and use of such information. The Company understands and confirms that each Investor shall be relying on the foregoing covenant in effecting transactions in securities of the Company.

SECTION 5.14 Access to Information. From the date hereof until such time as Juniper, their Affiliates, and their respective transferees that are approved by the Company in the aggregate own less than a majority of the Series A Preferred Stock acquired by Juniper pursuant to this Agreement, upon the prior written request of Juniper, subject to the execution by Juniper of a confidentiality agreement in the form and substance reasonably acceptable to the Company, and during reasonable hours and in a manner so as not to unreasonably interfere with normal business operations of the Company and its Subsidiaries, the Company and each of its Subsidiaries shall afford to Juniper and their authorized employees, counsel, accountants and other representatives, (i) full access at the Company's and its Subsidiaries' offices and to true and correct copies of all documents, reports financial data and other information and (ii) an opportunity to interview and consult with any officer or director, representative, accountant and other advisor, in each case, of the Company or any of its Subsidiaries regarding the Company's or such Subsidiary's affairs.

SECTION 5.15 Standstill. From and after the Closing Date until the earlier of (i) the one-year anniversary of the Closing Date and (ii) the date on which a Fundamental Change occurs (as defined in the Series A Certificate of Amendment) (the earlier of such dates, the "***Standstill Period***"), each Investor shall not (and shall cause its Affiliates not to), directly or indirectly, alone or in concert with others, without the prior consent or approval of the Board:

(a) purchase or otherwise acquire, or offer, or agree to acquire, beneficial ownership of any securities of the Company, any direct or indirect rights or options to acquire any such securities, in each case, if such purchase, acquisition, offer or agreement would result in such Investor and its Affiliates increasing their current beneficial ownership of shares of Common Stock by more than one percent (1%) of the shares of Common Stock issued and outstanding at such time (excluding, for the avoidance of doubt, any Series A Preferred Stock and Conversion Shares)

(a) make, or in any way participate in any "solicitation" of "proxies" to vote or "consents" (as such terms are used in the rules and regulations of the SEC), or seek to advise or influence any Person with respect to the voting of any voting securities of the Company, in each case, with respect to the election or removal of directors or to approve stockholder proposals with respect to the Company, other than a "solicitation" in support of all of the nominees of the Board at any stockholder meeting or voting its shares at any such meeting in its sole discretion (subject to compliance with this Agreement);

(b) make any public statements and/or announcement with respect to, or submit a proposal for, or offer of (with or without conditions) any extraordinary business transaction involving the Company or any Subsidiary of the Company or their securities; or

(c) enter into any discussions, arrangements or understandings with any third party (including security holders of the Company, but excluding, for the avoidance of doubt, any Investor and its Affiliates) with respect to any of the foregoing, including forming, joining or in any way participating in a "group" (as defined in Section 13(d)(3) of the Exchange Act) with any third party with respect to any shares of Common Stock or otherwise in connection with any of the foregoing;

provided, *however*, that nothing in this Section 5.15 shall limit (1) the Investors' ability to acquire any securities of the Company in the event that bankruptcy or insolvency proceedings are commenced by the Company, including through the acquisition of shares of Common Stock or any other securities of the Company through an exchange offer or through a plan of reorganization for the Company which is confirmed by order of the United States Bankruptcy Court or participation in or consummation of any transaction relating to the Company effected in connection with any proposed Company auction sale process under the jurisdiction of a United States Bankruptcy Court, (2) the Investors' ability to vote, Transfer (as defined below, and subject to Section 5.16), convert (subject to Section 5, Section 6 and Section 7 of the Series A Certificate of Amendment), privately make and submit to the Company and/or the Board any proposal that is intended by the Investors to be made and submitted on a non-publicly disclosed or announced basis (and would not reasonably be expect to require public disclosure by any Person), participate in rights offerings made by the Company to all or substantially all holders of its Common Stock, receive any dividends or similar distributions with respect to any securities of the Company held by the Investors, tender shares of the Common Stock or Series A Preferred Stock into any tender or exchange offer (but subject to Section 5.16), effect any adjustment to the Series A Conversion Rate (as defined in the Series A Certificate of Amendment) pursuant to the Series A Certificate of Amendment or otherwise exercise rights under its Common Stock or Series A Preferred Stock, or (3) the ability of the Series A Director (as defined in the Series A Certificate of Amendment) to vote or otherwise exercise his or her legal duties or otherwise act in his or her capacity as a member of the Board.

SECTION 5.16 Limitation on Transfer and Right of First Refusal of Series A Preferred Stock.

(a) Except as otherwise permitted by this Agreement, including Section 5.16(b) and Section 5.16(c), the Investors shall not, from and after the date hereof until the date that is one year following the date hereof, directly or indirectly, sell, transfer, or assign (each, a " ***Transfer***") any interest in any shares of Series A Preferred Stock or Conversion Shares acquired pursuant to this Agreement without the prior written consent of the Company. Any purported Transfer of shares of Series A Preferred Stock or Conversion Shares in violation of the terms of this Section 5.16 shall be null and void ab initio and the Company (or its transfer agent) shall not record any such purported Transfer on its books, issue a new certificate for such Series A Preferred Stock or Conversion Shares or otherwise give effect to or recognize such purported Transfer.

(b) Notwithstanding anything to the contrary inSection 5.16(a), the Investors may Transfer any interest in any shares of Series A Preferred Stock or Conversion Shares as follows:

(i) to the Company or its Subsidiaries;

(ii) pursuant to a tender offer or exchange offer made to all or substantially all of the holders of the Common Stock*provided*, *however*, that this Section 5.16(b)(ii) shall not apply to such Investor who initiates such tender offer or exchange offer;

(iii) to any Affiliate of an Investor and any investment fund managed or controlled by any Investor or its Affiliates; and

(iv) pursuant to a merger, tender offer or exchange offer or other business combination, acquisition of assets or similar transaction or any change of control transaction involving the Company or any of its Subsidiaries (i) that has been recommended or approved by a majority of the Board or (ii) that is a tender offer or exchange offer (A) that a majority of shares of Common Stock held by stockholders other than the Investors have been tendered or exchanged into or (B) that includes a majority minimum tender or approval condition, and, as of the tender date, all of the conditions to closing of which (including the majority minimum tender or approval condition) have been satisfied or (other than with respect to the majority minimum tender or approval condition) waived and is expiring on the tender date.

(c) From and after the date that is one year following the Closing Date,

(i) Each Investor hereby unconditionally and irrevocably grants to the Company a Right of First Refusal to purchase all or any portion of the Series A Preferred Stock such Investor may propose to Transfer, at the same price and on the same terms and conditions as those offered to the prospective transferee ("***Prospective Transferee***"), except to the extent that such Transfer is permitted under the terms of Section 5.16(b);

(ii) Each Investor proposing to Transfer shares of Series A Preferred Stock must deliver a Proposed Transfer Notice to the Company and to Juniper not later than sixty (60) days prior to the consummation of such proposed Transfer. Such Proposed Transfer Notice shall contain the material terms and conditions (including price and form of consideration) of the proposed Transfer, the identity of the prospective transferee and the intended date of the proposed Transfer. To exercise its Right of First Refusal under this Section 5.16(c), the Company must deliver a written notice to the selling Investor and Juniper within fifteen (15) days after delivery of the Proposed Transfer Notice specifying the number of shares of Series A Preferred Stock to be purchased by the Company;

(iii) Each Investor hereby unconditionally and irrevocably grants to Juniper a Secondary Refusal Right to purchase all or any portion of the Series A Preferred Stock not purchased by the Company pursuant to the Right of First Refusal, as provided in this Section 5.16(c)(iii). If the Company does not provide written notice exercising its Right of First Refusal with respect to all Transfer Stock subject to a proposed Transfer, the Company must deliver written notice to the selling Investor and to Juniper to that effect no later than fifteen (15) days after the selling Investor delivers the Proposed Transfer Notice to the Company. Failure by the Company to deliver written notice in connection with this Section 5.16(c) during the aforementioned time periods shall be deemed a waiver by the Company of its Right of First Refusal with respect to all the Transfer Stock. To exercise its Secondary Refusal Right, Juniper must deliver a written notice to the selling Investor and the Company within ten (10) days after the Company's deadline for its delivery of the Secondary Notice as provided in this clause (iii); and

(iv) The sale of the shares of Series A Preferred Stock pursuant to the exercise of the Right of First Refusal, Secondary Right of First Refusal or to the Permitted Transferee on the terms and conditions contained in the Proposed Transfer Notice shall be consummated within sixty (60) days of the earlier of the date of Juniper's written notice pursuant to clause (iii) above or the deadline for receiving such notice; it being understood that any shares of Series A Preferred Stock not sold within such sixty (60)-day period shall again become subject to the provisions of this Section 5.16(c). In the event that a selling Investor shall be free to sell any shares of Series A Preferred Stock pursuant to this Section 5.16(c), then such Transfer to the Prospective Transferee shall be on terms and conditions substantially similar to (and in no event more favorable than) the terms and conditions set forth in the Proposed Transfer Notice.

(d) Any Person that is not a party to this Agreement to whom shares of Series A Preferred Stock are Transferred shall, as a condition to such Transfer, execute and deliver a joinder or counterpart signature page to this Agreement agreeing to be bound by its terms and representing that such Person is acquiring the shares of Series A Preferred Stock for its own account for investment and not with a view to the distribution thereof. Upon the execution and delivery of such joinder or counterpart signature page by any transferee, such transferee shall be deemed to be a party hereto as if such transferee's signature appeared on the signature pages hereto.

ARTICLE VI
Conditions to Closing

SECTION 6.01 Conditions to the Obligations of the Company and the Investors. The respective obligations of each of the Company and the Investors to effect the Transactions are subject to the satisfaction or (to the extent permitted by Law) waiver by each of the Company and the Investors on or prior to the Closing Date of the following conditions:

(a) no applicable Law preventing or prohibiting the consummation of the Transactions shall be in effect; and

(b) the Company shall have received the Credit Agreement, which shall be in full force and effect concurrently with the Closing.

SECTION 6.02 Conditions to the Obligations of the Company. The obligations of the Company to effect the Transactions are further subject to the satisfaction or (to the extent permitted by Law) waiver by the Company on or prior to the Closing Date of the following conditions:

(a) all representations and warranties of the Investors set forth in this Agreement shall be true and correct in all material respects at and as of the Closing Date, with the same force and effect as if made on the Closing Date (except to the extent such representations and warranties expressly relate to an earlier date in which case such representations and warranties shall be true and correct on such earlier date);

(b) the Investors shall have performed in all material respects all of their obligations hereunder required to be performed by such Investors at or before the Closing; and

(c) the Investors shall have duly executed and delivered to the Company the Registration Rights Agreement.

(d) the Company shall have received a certificate, signed by a duly authorized officer of each of the Investors, certifying as to the matters set forth in Section 6.02(a) and Section 6.02(b).

SECTION 6.03 Conditions to the Obligations of the Investors. The obligations of the Investors to effect the Transactions are further subject to the satisfaction or (to the extent permitted by Law) waiver by the Investors on or before the Closing Date of the following conditions:

(a) (i) the representations and warranties of the Company set forth in Article III hereof (other than the Company Fundamental Representations) shall be true and correct (without giving effect to any limitation or qualification as to "materiality" or "Material Adverse Effect" set forth in such representations and warranties) as of the Closing Date, with the same force and effect as if made on the Closing Date (except to the extent that any such representation or warranty speaks to an earlier date, in which case such representation or warranty shall so be true and correct as of such earlier date), except where the failure of such representations and warranties to be so true and correct would not, individually or in the aggregate, have a Material Adverse Effect, and (ii) the Company Fundamental Representations shall be true and correct in all respects as of the Closing Date with the same force and effect as if made on the Closing Date (except to the extent such representations and warranties expressly speak as of an earlier date, in which case such representations and warranties shall be true and correct as of such date);

(b) the Company shall have performed in all material respects all of its obligations hereunder required to be performed by it at or prior to the Closing;

(c) the Company shall have (i) duly executed and delivered to the Investors the Registration Rights Agreement, (ii) adopted and filed the Series A Certificate of Amendment with the Department of the Treasury of the State of New Jersey, and a certified copy thereof shall have been delivered to the Investors, and (iii) taken all actions necessary and appropriate to implement the provisions of Section 17 of the Series A Certificate of Amendment and to cause the Board (and each committee of the Board), effective as of the Closing, to be composed as set forth therein;

(d) any shares of Common Stock issuable upon conversion of the Series A Preferred Stock at the Series A Conversion Price (as defined in the Series A Certificate of Amendment) specified in the Series A Certificate of Amendment shall have been approved for listing on NASDAQ, subject to official notice of issuance;

(e) the Company shall have paid or reimbursed Juniper for amounts owed pursuant toSection 5.05 substantially concurrently with the Closing;

(f) each Investor shall have received from counsel to the Company an opinion substantially in the form mutually agreed among the parties hereto;

(g) each Investor shall have received a certificate, signed by a duly authorized officer of the Company, certifying as to the matters set forth in Section 6.03(a) and Section 6.03(b); and

(h) each Investor shall have received a certificate, signed by the Secretary of the Company certifying (i) the Company Charter Documents and (ii) the resolutions of the Board of Directors approving the Transaction Documents and the Transactions.

ARTICLE VII
Survival

SECTION 7.01 Termination.

(a) Prior to the Closing, this Agreement may only be terminated: (i) by mutual written agreement of the Company and Juniper; (ii) by Juniper if the Closing shall not have occurred on or prior to the third Business Day after the date of this Agreement; (iii) by either the Company or Juniper if the Closing shall not have occurred on or prior to December 16, 2019; (iv) by either the Company or Juniper if there shall be any applicable Law that prevents or prohibits the Company or the Investors from consummating the Transactions and such prohibition shall have become final and non-appealable; or (v) by either the Company or Juniper if the other shall have materially breached any of its representations and warranties, covenants or agreements set forth in this Agreement, which breach or failure to perform is incapable of being cured within thirty (30) calendar days following the receipt of written notice of such breach or failure to perform; provided that such party shall not have the right to terminate this Agreement pursuant to this Section 7.01 if such party is then in material breach of any of its representations and warranties, covenants or agreements hereunder; and provided, further, that the right to terminate this Agreement pursuant to Section 7.01(a)(ii) or Section 7.01(a)(iii) shall not be available to any party whose failure to fulfill any obligations under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to such date.

(b) In the event of the termination of this Agreement pursuant to Section 7.01, this Agreement shall become void and of no effect with no liability to any person on the part of any party (or of any of its Representatives of Affiliates), except to the extent of (i) any fraud or (ii) the intentional breach of this Agreement, provided, however, and notwithstanding in the foregoing to the contrary, that this Article VII, Article VIII, and Section 5.05 shall survive the termination of this Agreement. Notwithstanding anything to the contrary herein, the Confidentiality Agreement shall terminate simultaneously with the Closing.

SECTION 7.02 Survival. Irrespective of any investigation, inquiry or examination made by, for or on behalf of the Investors, or the acceptance by the Investors of any certificate or opinion, the representations and warranties contained herein shall survive the Closing for a period not to exceed twenty-four (24) months and the covenants set forth herein shall survive until the earlier of the (1) full satisfaction of the obligations under the covenant or (2) the date in which all the Series A Preferred Stock have been converted, redeemed or repurchased in full in accordance with the Series A Certificate of Amendment or this Agreement. This Section 7.02 shall not limit any covenant or agreement of the parties to this Agreement which, by its terms, expressly contemplates performance after such twenty-four (24) month period.

ARTICLE VIII

Miscellaneous

SECTION 8.01 Notices. All notices, requests, permissions, waivers or other communications required or permitted to be given under this Agreement shall be in writing and shall be delivered by hand or sent by facsimile sent, postage prepaid, by registered, certified or express mail or overnight courier service and shall be deemed given when so delivered by hand, by facsimile (which is confirmed), or if mailed, three days after mailing (one Business Day in the case of express mail or overnight courier service) to the parties at the following addresses or facsimiles (or at such other address or facsimile for a party as shall be specified by like notice):

(a) If to the Company:
Lincoln Educational Services Corporation
200 Executive Drive, Suite 340
West Orange, NJ 07052
Attention: Chief Financial Officer

with a copy to (which copy alone shall not constitute notice):

McCarter & English LLP
825 Eighth Avenue, 31st Floor
New York, NY 10019
Attention: Michele Vaillant and Howard Berkower

(b) If to Juniper:

555 Madison Avenue
24th Floor
New York, NY 10022
Attention: John A. Bartholdson

with a copy to (which copy alone shall not constitute notice):

Shearman & Sterling LLP
111 Congress Avenue
Austin, TX 78701
Attention: J. Matthew Lyons

(c) If to Talanta Fund, L.P.

Talanta Fund, L.P.
c/o Talanta Investment Group, LLC
525 N. Tryon Street, 16th Floor
Charlotte, NC 28202
Attention: Justyn R. Putnam

SECTION 8.02 Amendments, Waivers, etc. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only if such amendment or waiver is in writing and signed, in the case of an amendment, by the Company and the majority of the Investors or, in the case of a waiver, by the party against whom the waiver is to be effective. Any amendment or waiver effected in accordance with this Section 8.02 shall be binding upon each holder of any securities purchased under this Agreement at the time outstanding (including securities into which such securities are convertible), each future holder of all such securities, and the Company.

SECTION 8.03 Counterparts and Facsimile. This Agreement may be executed in two or more identical counterparts (including by facsimile or electronic transmission), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

SECTION 8.04 Further Assurances. Each party hereto shall execute and deliver after the Closing such further certificates, agreements and other documents and take such other actions as any other party hereto may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and to consummate or implement the Transactions.

SECTION 8.05 Governing Law; Specific Enforcement; Submission to Jurisdiction; Waiver of Jury Trial.

(a) THE DOMESTIC LAW, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES, OF THE STATE OF NEW YORK WILL GOVERN ALL QUESTIONS CONCERNING THE CONSTRUCTION, VALIDITY AND INTERPRETATION OF THIS AGREEMENT AND THE RELATED DOCUMENTS (OTHER THAN THE SERIES A CERTIFICATE OF AMENDMENT), AND THE PERFORMANCE OF THE OBLIGATIONS IMPOSED HEREBY AND THEREBY; *PROVIDED*, *THAT*, THE CERTIFICATE OF AMENDMENT AND ANY OTHER INTERNAL CORPORATE MATTER CONCERNING THE COMPANY OR ANY OTHER PARTY HERETO, SHALL BE SUBJECT TO AND GOVERNED BY THE LAWS OF THE STATE OF NEW JERSEY, OR THE LAWS OF THE OF ITS JURISDICTION OF ORGANIZATION, RESPECTIVELY.

(b) The parties hereto acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties hereto shall be entitled to an injunction or injunctions to prevent breaches or threatened breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any court of competent jurisdiction, in each case without proof of damages or otherwise (and each party hereto hereby waives any requirement for the securing or posting of any bond in connection with such remedy), this being in addition to any other remedy to which they are entitled at law or in equity. The parties hereto agree not to assert that a remedy of specific enforcement is unenforceable, invalid, contrary to law or inequitable for any reason, nor to assert that a remedy of monetary damages would provide an adequate remedy.

(c) Each of the parties hereto irrevocably and unconditionally submits to the exclusive jurisdiction of the United States District court for the Southern District of New York for the purpose of any suit, Action or other proceeding arising out of this Agreement and the rights and obligations arising hereunder, and irrevocably and unconditionally waives any objection to the laying of venue of any such Action or proceeding in any such court, and further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such Action or proceeding has been brought in an inconvenient forum. Each party hereto agrees that service of any process, summons, notice or document by registered mail to such party's respective address set forth in Section 8.01 shall be effective service of process for any such Action or proceeding.

(d) EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, CLAIM OR OTHER PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY HERETO (I) CERTIFIES THAT NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF ANY ACTION, CLAIM OR OTHER PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER AND (II) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 8.05(D).

SECTION 8.06 Interpretation. When a reference is made in this Agreement to an Article or Section, such reference shall be to an Article or Section of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." 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. The words "date hereof" shall refer to the date of this Agreement. The word "day" means a calendar day and not a Business Day. Periods of time described herein shall include the first day of such period but not the last day thereof. The word "or" shall not be exclusive. The word "extent" in the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and shall not simply mean "if." The words "made available to the Investor" and words of similar import refer to documents delivered in person or electronically to the Investor prior to the date hereof. All references to "$" mean the lawful currency of the United States of America. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Except as specifically stated herein, any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein. Except as otherwise specified herein, references to a Person are also to its successors and permitted assigns. Each of the parties hereto has participated in the drafting and negotiation of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement must be construed as if it is drafted by all the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of authorship of any of the provisions of this Agreement.

SECTION 8.07 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced because of any Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the Transactions is not affected in any manner materially adverse to any party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto 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 mutually acceptable manner in order that the Transactions be consummated as originally contemplated to the greatest extent possible.

SECTION 8.08 No Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their successors and permitted assigns and nothing expressed or referred to in this Agreement will be construed to give any Person, other than the parties to this Agreement and such successors and permitted assigns, any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement, whether as third party beneficiary or otherwise.

SECTION 8.09 Representation of Parties. The parties hereto acknowledge and agree that in connection with the Transaction Documents and the Transaction, Shearman & Sterling LLP has represented only Juniper and not the Company or any other Investor that is party hereto in any capacity.

SECTION 8.10 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of Law or otherwise) without the prior written consent of the other parties (which consent shall not be unreasonably withheld or delayed, and any assignment in violation of this provision shall be null and void), except that the Investors may assign their respective rights under this Agreement and the Related Documents, in whole or in part, to any of their respective Affiliates without the prior written consent of the Company; *provided* that such Investor will remain liable for all of its obligations under this Agreement.

SECTION 8.11 Entire Agreement. This Agreement (including the Exhibits hereto and the Company Disclosure Letter), together with the other Transaction Documents and the sections of the Term Sheet captioned "Exclusivity" and "Termination Fee" (which, for the avoidance of doubt, the rights and remedies of Juniper and its Affiliates in such sections shall survive the termination of the Term Sheet), constitute the entire agreement, and supersedes all other prior agreements, understandings, representations and warranties, both written and oral, among the parties, with respect to the subject matter hereof and thereof.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Securities Purchase Agreement as of the day and year first above written.

LINCOLN EDUCATIONAL SERVICES CORPORATION

By: */s/ Scott M. Shaw*
Name: Scott M. Shaw
Title: Chief Executive Officer

[*Signature Page to Securities Purchase Agreement*]

IN WITNESS WHEREOF, the parties hereto have executed this Securities Purchase Agreement as of the day and year first above written.

TALANTA FUND, L.P.

By: TALANTA INVESTMENT GROUP, LLC,
its General Manager

By: */s/ Justyn R. Putnam*
Name: Justyn R. Putnam
Title: Managing Member

[*Signature Page to Securities Purchase Agreement*]

IN WITNESS WHEREOF, the parties hereto have executed this Securities Purchase Agreement as of the day and year first above written.

JUNIPER TARGETED OPPORTUNITY FUND, L.P.

By: JUNIPER HF INVESTORS II, LLC, its General Partner

By: */s/ John A. Bartholdson*
Name: John A. Bartholdson
Title: Managing Member

JUNIPER TARGETED OPPORTUNITIES, L.P., SOLELY WITH RESPECT TO THE SERIES C THEREOF

By: JUNIPER TARGETED OPPORTUNITY INVESTORS, LLC, its General Partner

By: */s/ John A. Bartholdson*
Name: John A. Bartholdson
Title: Managing Member

SCHEDULE I

SCHEDULE OF INVESTORS

Purchaser	Purchase Amount	Series A Preferred Stock
Juniper Targeted Opportunity Fund, L.P. Address: 555 Madison Avenue 24th Floor New York, NY 10022	$3,500,000	3,500
Juniper Targeted Opportunities, L.P. Address: 555 Madison Avenue 24th Floor New York, NY 10022	$7,700,000	7,700
Talanta Fund, L.P. Address: c/o Talanta Investment Group, LLC 525 N. Tryon Street, 16th Floor Charlotte, NC 28202	$1,500,000	1,500
Total	$12,700,000	12,700

Exhibit 10.2

Execution Copy

REGISTRATION RIGHTS AGREEMENT

Dated as of November 14, 2019

by and among

LINCOLN EDUCATIONAL SERVICES CORPORATION

and

THE INVESTORS LISTED ON SCHEDULE A

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This REGISTRATION RIGHTS AGREEMENT (this "Agreement") is entered into as of November 14, 2019, by and among Lincoln Educational Services Corporation, a New Jersey corporation (the "Company"), and the Investors listed on Schedule A (together with their respective successors and assigns, the "Investors" and each an "Investor").

WHEREAS, the Company and the Investors are parties to that certain Securities Purchase Agreement dated as of November 14, 2019 (as amended from time to time, the "Securities Purchase Agreement"), pursuant to which the Company is selling to the Investors, and the Investors are purchasing from the Company, an aggregate of 12,700 shares of the Company's Series A Convertible Preferred Stock (as defined herein), which are convertible into shares of the Company's Common Stock; and

WHEREAS, as a condition to the obligations of the Company and the Investors under the Securities Purchase Agreement, the Company and the Investors are entering into this Agreement for the purpose of granting certain registration and other rights to each Holder (as defined herein).

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 Definitions. (a) As used in this Agreement (including the recitals hereto), the following terms shall have the following meanings:

"Action" means any lawsuit, suit, arbitration, claim, complaint, charge, audit, action, inquiry, investigation or other proceeding of any nature (whether criminal, civil, legislative, administrative, regulatory, prosecutorial or otherwise) by or before any Governmental Entity.

"Adverse Disclosure" means public disclosure of material non-public information that, in the good faith judgment of the Board (after consultation with independent outside legal counsel): (a) would be required to be made in any registration statement filed with the SEC by the Company so that such registration statement, from and after its effective date, would not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; (b) would not be required to be made at such time but for the filing, effectiveness or continued use of such registration statement and related prospectus; and (c) the Company has a bona fide business purpose for not disclosing publicly and public disclosure of such material non-public information would be materially harmful to the interests of the Company.

"Board" means the board of directors of the Company.

"Business Day" means any day except a Saturday, a Sunday or other day on which banking institutions in the City of New York, New York or New Jersey are authorized or required by law, regulation or executive order to be closed.

"Common Stock" means the common stock, no par value per share, of the Company, including the common stock into which the Series A Preferred Stock is convertible, and any securities into which the Common Stock may be reclassified.

"Conversion Shares" means the shares of Common Stock issuable or issued upon the conversion of shares of Series A Preferred Stock. For purposes of this Agreement, each Holder shall be deemed to own the Conversion Shares underlying the shares of Series A Preferred Stock owned by such Holder, and such Conversion Shares shall be deemed outstanding.

"Conversion Share Percentage" means, with respect to any Holder, the quotient, expressed as a percentage, of (a) the number of Conversion Shares owned by such Holder, divided by (b) the aggregate number of all Conversion Shares owned by all Holders.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Governmental Entity" means any U.S. or non-U.S. federal, national, supranational, state, provincial, local or other government, governmental, administrative or regulatory (including any stock exchange) authority, agency, court, tribunal, commission, or judicial or arbitral body or other entity or self-regulatory organization.

"Governmental Order" means any order, writ, judgment, injunction, decree, stipulation, ruling, subpoena, verdict, permit, license, exemption, certification, decision, determination or award entered by or with any Governmental Entity.

"Holder" means an Investor or any transferee or assignee thereof of to whom an Investor assigns or transfers its rights under this Agreement and who agrees to become bound by the provisions of this Agreement in accordance with Section 2.10 and any transferee or assignee thereof to whom a transferee or assignee assigns or transfers its rights under this Agreement and who agrees to become bound by the provisions of this Agreement in accordance with Section 2.10.

"Initial Series A Preferred Stock" means the shares of Series A Preferred Stock issued to the Investors on the date hereof.

"Juniper" means Juniper Targeted Opportunity Fund, L.P. and Juniper Targeted Opportunities, L.P.

"Majority Holders" means Holders owning a majority of all Conversion Shares issuable or issued upon conversion of Initial Series A Preferred Stock.

"Law" means any U.S. or non-U.S. federal, national, supranational, state, provincial, local or similar statute, law, ordinance, regulation, rule, code, order, requirement or rule of Law (including common law) and includes any Governmental Order.

"Person" means any individual, estate, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Entity or other entity.

"register," "registered" and "registration" shall refer to a registration effected by preparing and filing a registration statement with the SEC in compliance with the Securities Act, and the declaration or ordering of effectiveness of such registration statement by the SEC or the automatic effectiveness of such registration statement, as applicable.

"Registrable Securities" means, with respect to any Holder, the Conversion Shares owned by such Holder, whether now held or hereinafter acquired, provided, however, that such securities shall cease to be Registrable Securities with respect to any Holder when (i) a registration statement relating to all such securities shall have been declared effective by the SEC and all such securities shall have been disposed of by such Holder pursuant to such registration statement or (ii) such shares of Common Stock have been sold by such Holder under circumstances in which all of the applicable conditions of Rule 144 (or any similar provisions then in force) under the Securities Act are met.

"Registration Expenses" means (a) all expenses incurred by the Company in complying withSections 2.01 or 2.02, including all registration, qualification, listing and filing fees, expenses incurred by the Company in connection with any roadshow related to such registration and offering, auditor fees, printing expenses, escrow fees, and fees and disbursements of counsel for the Company, blue sky fees and expenses; (b) reasonable, documented out-of-pocket fees and expenses of a single outside legal counsel to the Holders retained in connection with registrations and offerings contemplated hereby; and (c) reasonable, documented out-of-pocket fees and expenses for any local counsel necessary to effect a registration or offering contemplated hereby, if applicable; provided, however, that Registration Expenses shall not be deemed to include any Selling Expenses.

"Representatives" means, with respect to any Person, the directors, officers, employees, investment bankers, financial advisors, attorneys, accountants, consultants or other advisors, agents or representatives of such Person.

"Rule 144" means Rule 144 promulgated under the Securities Act and any successor provision.

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Selling Expenses" means all underwriting discounts, selling commissions and stock transfer taxes applicable to the securities registered by any Holder holding Registrable Securities.

"Series A Preferred Stock" means the Company's Series A Convertible Preferred Stock, no par value per share, having the powers, preferences and rights, and the qualifications, limitations and restrictions, as set forth in the Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Company, dated the date hereof (the "Series A Certificate of Amendment").

"Shelf Registration" means a Resale Shelf Registration Statement or a Subsequent Shelf Registration, as applicable.

"Subsidiary" means, with respect to any Person, another Person, an amount of the voting securities, other voting rights or voting partnership interests of which is sufficient to elect at least a majority of its board of directors or other governing body (or, if there are no such voting interests, more than 50% of the equity interests of which) is owned directly or indirectly by such first Person.

"Underwriter" means a securities dealer who purchases any Registrable Securities as a principal, or who acts an agent for the sale of any Registrable Securities, in connection with a distribution of such Registrable Securities and not as part of such dealer's market-making activities.

(b) In addition to the terms defined in 0, Section 1.01(a), the following terms have the meanings assigned thereto in the Sections set forth below:

Term	**Section**
Agreement	Preamble
Company	Preamble
Company Indemnified Parties	2.09(a)
Effectiveness Period	2.01(b)
FINRA	2.03(a)(xiv)
Holder Indemnified Parties	2.09(b)
Indemnified Party	2.09(c)
Indemnifying Party	2.09(c)
Interruption Period	2.03(b)
Investor	Preamble
Losses	2.08
Offering Persons	2.03(a)(xv)
Piggyback Registration Statement	2.02(b)
Piggyback Request	2.02(b)
Registration Default	2.12
Resale Shelf Registration Statement	2.01(a)
Securities Purchase Agreement	Recitals
Subsequent Holder Notice	2.01(e)
Subsequent Shelf Registration	2.01(c)
Underwritten Offering	2.01(f)(i)
Underwritten Offering Demand Notice	2.01(f)(i)
Underwritten Offering Participation Notice	2.01(g)(i)
Underwritten Offering Participation Request	2.01(g)(ii)
Underwritten Offering Registration Statement	2.01(g)(ii)

ARTICLE II

REGISTRATION RIGHTS

SECTION 2.01 Registration.

(a) Resale Shelf Registration Statement.

(i) Subject to the other applicable provisions of this Agreement, the Company shall use commercially reasonable efforts to prepare and file within one year after the date hereof, and use its commercially reasonable efforts to cause to be declared effective by the SEC as promptly as reasonably possible (but in any event not later than 60 days after filing), a registration statement (the "Resale Shelf Registration Statement") covering the sale or distribution from time to time by any Holder, on a delayed or continuous basis pursuant to Rule 415 of the Securities Act, of all of the Conversion Shares owned by such Holder. The Resale Shelf Registration Statement shall be on Form S-3 (except if the Company is not then eligible to register for resale the Registrable Securities on Form S-3, then such registration shall be on another appropriate form) and shall provide for the registration in accordance with the plan of distribution specified by the Majority Holders. The Resale Shelf Registration Statement shall register at least 110% of the number of Conversion Shares underlying the shares of Series A Preferred Stock, based on the conversion price in effect at that time, then outstanding and owned by the Holders, to account for any decrease in the conversion price due to an increase in the stated value of the Series A Preferred Stock in lieu of the payment of a cash dividend or otherwise.

(ii) Whenever there has been a decrease in the conversion price of the Series A Preferred Stock due to an increase in the stated value of the Series A Preferred Stock in lieu of the payment of a cash dividend or otherwise, the Company shall, as promptly as is reasonably practicable, amend the initial Resale Shelf Registration Statement, or file a new Resale Shelf Registration Statement, to the extent necessary so that the aggregate number of Conversion Shares then included in the Resale Shelf Registration Statement in respect of shares of Series A Preferred Stock equals at least 110% of the number of Conversion Shares underlying the shares of Series A Preferred Stock then outstanding and owned by the Holders, after giving effect to such decrease in the conversion price. The Company shall use its commercially reasonable efforts to cause such post-effective amendment or new Resale Shelf Registration Statement to become effective under the Securities Act as promptly as is reasonably practicable, and in any event no later than 90 days after the effective date of such decrease in the conversion price.

(iii) [Reserved]

(iv) To the extent at any time the staff of the SEC does not permit all of the Registrable Securities then required to be registered hereunder to be registered for resale on any Resale Shelf Registration Statement filed pursuant to this Section 2.01, the Company shall, at the election of the Majority Holders, either (i) file, and cause to be declared effective by the SEC, additional Resale Shelf Registration Statements successively trying to register the maximum amount of Registrable Securities until all of the Registrable Securities have been registered with the SEC or (ii) file, and cause to be declared effective by the SEC, a registration statement registering a primary offering of Registrable Securities, if necessary to accommodate the inclusion of all the Registrable Securities requested to be included in such registration. Any registration statement filed pursuant to this Section 2.01(a)(iv) shall be deemed a Resale Shelf Registration Statement for all purposes under this Agreement.

(b) Effectiveness Period. Once declared effective, the Company shall, subject to the other applicable provisions of this Agreement, use its reasonable best efforts to cause the Resale Shelf Registration Statement to be continuously effective and usable until such time as there are no longer any Registrable Securities (the "Effectiveness Period").

(c) Subsequent Shelf Registration. If any Shelf Registration ceases to be effective under the Securities Act for any reason at any time during the Effectiveness Period, the Company shall use its reasonable best efforts to as promptly as is reasonably practicable cause such Shelf Registration to again become effective under the Securities Act (including obtaining the prompt withdrawal of any order suspending the effectiveness of such Shelf Registration), and shall use its reasonable best efforts to as promptly as is reasonably practicable amend such Shelf Registration in a manner reasonably expected to result in the withdrawal of any order suspending the effectiveness of such Shelf Registration or file an additional registration statement (a "Subsequent Shelf Registration") for an offering to be made on a delayed or continuous basis pursuant to Rule 415 of the Securities Act registering the resale from time to time by any Holder thereof of all securities that are Registrable Securities as of the time of such filing. If a Subsequent Shelf Registration is filed, the Company shall use its reasonable best efforts to (i) cause such Subsequent Shelf Registration to become effective under the Securities Act as promptly as is reasonably practicable after the filing thereof and (ii) keep such Subsequent Shelf Registration continuously effective and usable until the end of the Effectiveness Period. Any such Subsequent Shelf Registration shall be a registration statement on Form S-3 to the extent that the Company is eligible to use such form. Otherwise, such Subsequent Shelf Registration shall be on another appropriate form and shall provide for the registration of such Registrable Securities for resale by any Holder in accordance with any reasonable method of distribution elected by the Majority Holders.

(d) Supplements and Amendments. The Company shall supplement and amend any Shelf Registration if required by the Securities Act or the rules, regulations or instructions applicable to the registration form used by the Company for such Shelf Registration.

(e) Subsequent Holder Notice. If a Person entitled to the benefits of this Agreement becomes a Holder of Registrable Securities after a Shelf Registration becomes effective under the Securities Act, the Company shall, as promptly as is reasonably practicable following delivery of written notice to the Company of such Person becoming a Holder and requesting for its name to be included as a selling securityholder in the prospectus related to the Shelf Registration (a "Subsequent Holder Notice"):

(i) if required and permitted by applicable Law, file with the SEC a supplement to the related prospectus or a post-effective amendment to the Shelf Registration so that such Holder is named as a selling securityholder in the Shelf Registration and the related prospectus in such a manner as to permit such Holder to deliver a prospectus to purchasers of the Registrable Securities in accordance with applicable Law; provided, however, that the Company shall not be required to file more than one post-effective amendment or a supplement to the related prospectus for such purpose in any 30-day period;

(ii) if, pursuant to clause (i) above, the Company shall have filed a post-effective amendment to the Shelf Registration that is not automatically effective, use its reasonable best efforts to cause such post-effective amendment to become effective under the Securities Act as promptly as is reasonably practicable; and

(iii) notify such Holder as promptly as is reasonably practicable after the effectiveness under the Securities Act of any post-effective amendment filed pursuant to clause (i) above.

(f) Underwritten Offering Initiated by Majority Holders

(i) The Majority Holders may, at any time and from time to time, deliver a written notice to the Company (the "Underwritten Offering Demand Notice") specifying that the sale of some or all of the Registrable Securities subject to the Shelf Registration is intended to be conducted through an underwritten offering (the "Underwritten Offering"); provided, however, that (A) the aggregate market value of the Registrable Securities sought to be sold in the Underwritten Offering shall be at least $5 million (based on the Closing Price (as defined in the Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Company pursuant to which the Series A Preferred Stock was authorized ("COA")) for the five (5) Trading Days (as defined in the COA) prior to the date of the Underwritten Offering Demand Notice and (B) the Majority Holders may not, without the Company's prior written consent, initiate more than two (2) Underwritten Offerings pursuant to this Agreement.

(ii) In the event of an Underwritten Offering, the Majority Holders shall select the managing Underwriter or Underwriters to administer the Underwritten Offering.

(iii) The Company will not include in any Underwritten Offering initiated by the Majority Holders pursuant to this Section 2.01(f) any securities that are not Registrable Securities owned by a Holder without the prior written consent of the Majority Holders. The Company shall not grant any Person the right to include any securities in any Underwritten Offering pursuant to this Section 2.01(f), except as provided in Section 2.01(g) below with respect to other Holders.

(g) Right to Participate in Underwritten Offering.

(i) Upon receipt of the Underwritten Offering Demand Notice, the Company will promptly give written notice of such Underwritten Offering, which notice shall be given, to the extent reasonably practicable, no later than five (5) Business Days prior to the filing date or commencement date (the "Underwritten Offering Participation Notice") to the other Holders of Registrable Securities, except in the event that the Majority Holders specify in their Underwritten Offering Demand Notice that such Underwritten Offering is being conducted as a non-marketed block trade, then such notice shall be not required and this Section 2.01(g) shall not apply to such Underwritten Offering.

(ii) The Underwritten Offering Participation Notice shall offer each Holder the opportunity to include (or cause to be included) in such registration statement and Underwritten Offering (each, a "Underwritten Offering Registration Statement") the number of shares of Registrable Securities as each Holder may request. Subject to Section 2.01(g)(iii), the Company shall include in each Underwritten Offering Registration Statement all Registrable Securities with respect to which the Company has received written requests for inclusion therein (each, a "Underwritten Offering Participation Request") within five (5) Business Days after the date of the Underwritten Offering Participation Notice but in any event not later than one (1) Business Day prior to the earlier of (i) the filing of an Underwritten Offering Registration Statement or (ii) the commencement of the Underwritten Offering. Such notice shall state the intended method of disposition of the Registrable Securities by such Holder.

(iii) The Majority Holders shall use reasonable best efforts to cause the managing Underwriter or Underwriters of a proposed Underwritten Offering to permit each Holder of Registrable Securities who has timely submitted an Underwritten Offering Participation Request in connection with such offering to include in such offering all Registrable Securities included in each Holder's Underwritten Offering Participation Request on the same terms and subject to the same conditions as any other Registrable Securities of the Majority Holders included in the Underwritten Offering. Notwithstanding any other provision of this Section 2.01(g)(iii), if the managing Underwriter or Underwriters of a proposed Underwritten Offering advise the Company that in its or their good faith opinion the number of Registrable Securities requested to be included in the Underwritten Offering thereby exceeds the number which can be sold in such Underwritten Offering in light of market conditions or is such so as to adversely affect the success of such offering, the Registrable Securities to be included in such Underwritten Offering shall be allocated *pro rata* among the participating Holders on the basis of the Conversion Share Percentage of each such Holder.

(iv) If any participating Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company, the Majority Holders and the managing Underwriter or Underwriters. For the avoidance of doubt, no Holder shall be obligated to sell Registrable Securities in such Underwritten Offering except on terms approved by such Holder in connection with the pricing of such offering. Any securities excluded or withdrawn from such underwriting may be substituted by Registrable Securities held by another Holder to be included in such registration.

(v) The rights of other Holders to participate in any Underwritten Offering initiated by the Majority Holders pursuant to Section 2.01(f) shall be exclusively governed by this Section 2.01(g), and Section 2.02 shall not apply to such Underwritten Offerings.

SECTION 2.02 Piggyback Registration.

(a) Notice of Registration. Subject to Section 2.01(g)(v) in the case of an Underwritten Offering initiated by the Majority Holders, if at any time or from time to time the Company proposes to file a registration statement under the Securities Act with respect to, or otherwise commence, a public offering of its Common Stock or securities convertible into, or exchangeable or exercisable for, Common Stock, whether or not for sale for its own account (other than any registration statement filed (i) on Form S-4, Form S-8 or any substitute or successor forms thereto or (ii) filed to effectuate an exchange offer or any employee benefit or dividend reinvestment plan), then the Company will promptly give written notice of such filing or commencement, which notice shall be given, to the extent reasonably practicable, no later than five (5) Business Days prior to the filing date or commencement date (the "Piggyback Notice") to each Holder.

(b) Right to Participate. The Piggyback Notice shall offer each Holder the opportunity to include (or cause to be included) in such registration statement and offering the number of shares of Registrable Securities as each Holder may request (each, a "Piggyback Registration Statement"). Subject to Section 2.02(c), the Company shall include in each Piggyback Registration Statement all Registrable Securities with respect to which the Company has received written requests for inclusion therein (each, a "Piggyback Request") within five (5) Business Days after the date of the Piggyback Notice but in any event not later than one (1) Business Day prior to the filing date of a Piggyback Registration Statement. Such notice shall state the intended method of disposition of the Registrable Securities by such Holder. If a Holder decides not to include all of its Registrable Securities in any registration statement thereafter filed by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent registration statement or registration statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein. The Company shall not be required to maintain the effectiveness of a Piggyback Registration Statement beyond the earlier of (x) 180 days after the effective date thereof and (y) consummation of the distribution by each Holder of the Registrable Securities included in such registration statement.

(c) Underwriting. If any of the securities to be registered pursuant to the registration giving rise to the rights under thisSection 2.02 are to be sold in an underwritten offering, the Company shall use reasonable best efforts to cause the managing Underwriter or Underwriters of a proposed underwritten offering to permit each Holder of Registrable Securities who has timely submitted a Piggyback Request in connection with such offering to include in such offering all Registrable Securities included in each Holder's Piggyback Request on the same terms and subject to the same conditions as any other shares of capital stock, if any, of the Company included in the offering. Notwithstanding any other provision of this Section 2.02, if the managing Underwriter or Underwriters of a proposed underwritten offering with respect to which any Holders have exercised their piggyback registration rights advise the Company that in its or their good faith opinion the number of Registrable Securities requested to be included in the offering thereby and all other securities proposed to be sold in the offering exceeds the number which can be sold in such underwritten offering in light of market conditions or is such so as to adversely affect the success of such offering of securities, the Registrable Securities and such other securities to be included in such underwritten offering shall be allocated, (i) first, (A) in the event such offering was initiated by the Company, up to the total number of securities that the Company has requested to be included in such registration for its own account and (B) in the event such offering was initiated by holders of securities who have exercised their demand registration rights, up to the total number of securities that such holders of such securities have requested to be included in such offering, (ii) second, the Registrable Securities of any Holders that have requested to participate in such underwritten offering, allocated *pro rata* among such Holders on the basis of the Conversion Share Percentage of each such Holder; and (iii) third, any other securities of the Company that have been requested to be included in such offering. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the managing Underwriter or Underwriters. For the avoidance of doubt, no Holder shall be obligated to sell Registrable Securities in such underwritten offering, except on terms approved by such Holder in connection with the pricing of such offering. Any securities excluded or withdrawn from such underwriting (i) may be substituted by securities held by any Holder to be included in such registration; or (ii) in the event no Holders elect to substitute any shares, may be substituted by securities held by the Company to be included in such registration; or (iii) in the event that the Holders and the Company elect not to substitute any shares, shall be withdrawn from such registration.

(d) Right to Terminate Registration. The Company or the holders of securities who have triggered any piggyback rights pursuant to this Section 2.02 shall have the right to cause any registration statement initiated by it or them to be terminated or withdrawn prior to the pricing of the relevant offering, whether or not any Holder has elected to include securities in such registration, without prejudice, however, to the right of the Majority Holders to immediately request that such registration be effected as a registration under Section 2.01(f).

SECTION 2.03 Registration Procedures.

(a) Subject to the other applicable provisions of this Agreement, in the case of each registration of Registrable Securities effected by the Company pursuant to Section 2.01 or Section 2.02, the Company will:

(i) prepare and promptly file with the SEC a registration statement with respect to such securities and use its reasonable best efforts to cause such registration statement to become and remain effective for the period of the distribution contemplated thereby in accordance with the applicable provisions of this Agreement;

(ii) prepare and file with the SEC such amendments (including post-effective amendments) and supplements to such registration statement and the prospectus used in connection with such registration statement as (x) reasonably requested by any Holder (to the extent such request related to information relating to such Holder) or (y) may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement in accordance with each Holder's intended method of distribution (including in connection with any Underwritten Offering) and as may be necessary to keep the registration statement continuously effective for the period set forth in this Agreement;

(iii) respond promptly to any comments received from the SEC and, unless requested otherwise by the Holder or Holders who have initiated such registration, request acceleration of effectiveness promptly after it learns that the SEC will not review the registration statement or after it has satisfied comments received from the SEC;

(iv) furnish, (i) to each Holder's legal counsel, copies of the registration statement and the prospectus included therein (including each preliminary prospectus), in each case including all exhibits thereto, proposed to be filed and provide such legal counsel a reasonable opportunity to review and comment on such registration statement and (ii) to each Holder and the Underwriters, such other documents as it may reasonably request in order to facilitate the disposition of Registrable Securities owned by it;

(v) if requested by the managing Underwriter or Underwriters, if any, or any Holder, promptly include in any prospectus supplement or post-effective amendment such information as the managing Underwriter or Underwriters, if any, or any Holder may reasonably request in order to permit the intended method of distribution of such securities and make all required filings of such prospectus supplement or post-effective amendment as soon as reasonably practicable after the Company has received such request;

(vi) in the event that the Registrable Securities are being offered in an underwritten offering, furnish to each Holder and to the Underwriters of the securities being registered such reasonable number of copies of the registration statement, preliminary prospectus and final prospectus as each Holder or Underwriters may reasonably request in order to facilitate the public offering or other disposition of such securities;

(vii) as promptly as reasonably practicable notify each Holder at any time when (i) a prospectus relating thereto is required to be delivered under the Securities Act or of the Company's discovery of the occurrence of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading or incomplete in the light of the circumstances then existing, and, subject to Section 2.04, as promptly as is reasonably practicable, prepare and file with the SEC a supplement or post-effective amendment to such registration statement or the related prospectus or any document incorporated therein by reference or file any other required document and at the request of any Holder, and furnish to such Holder a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchaser of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or incomplete in the light of the circumstances then existing, (ii) any request by the SEC or any other regulatory body or other body having jurisdiction has been made for any amendment of or supplement to any registration statement or other document relating to such offering, or (iii) if for any other reason it shall be necessary to amend or supplement such registration statement or prospectus in order to comply with the Securities Act;

(viii) use reasonable best efforts to register and qualify (or exempt from such registration or qualification) the securities covered by such registration statement under such other securities or "blue sky" laws of such jurisdictions within the United States as shall be reasonably requested in writing by any Holder; provided, however, that the Company shall not be required in connection therewith or as a condition thereto to (A) qualify to do business in any jurisdictions where it would not otherwise be required to qualify but for this subsection or (B) file a general consent to service of process in any such states or jurisdictions;

(ix) in the event that the Registrable Securities are being offered in an underwritten public offering, enter into an underwriting agreement, in usual and customary form and otherwise in accordance with the applicable provisions of this Agreement, and take all such other actions reasonably requested by any Holder of the Registrable Securities being sold in connection therewith (including any reasonable actions requested by the managing Underwriters, if any) to facilitate the disposition of such Registrable Securities;

(x) in connection with an underwritten offering, the Company shall cause its officers to use their reasonable best efforts to support the marketing of the Registrable Securities covered by such offering (including participation in "road shows" or other similar marketing efforts);

(xi) use its reasonable best efforts to furnish, on the date that such Registrable Securities are delivered to the Underwriters for sale (if such securities are being sold through Underwriters) or, solely in the case of clause (A), (D) and (E), the pricing or closing date of the applicable offering or sale (in the case of an offering with the assistance of a broker, placement agent or other agent of any Holder): (A) an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to the managing Underwriter or Underwriters in an underwritten public offering, addressed to the Underwriter or Underwriters (in the case of an underwritten offering) or, if requested, in form and substance as is customarily given to the broker, placement agent or other agent of the Holders assisting in the sale of the Registrable Securities addressed to such broker, placement agent or other agent, if any, (B) a "negative assurances letter," dated such date, of the legal counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering; (C) a "cold comfort" and "bring-down" letter, dated as of such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to Underwriters in an underwritten public offering, addressed to the Underwriters, (D) customary certificates executed by authorized officers of the Company as may be requested by any Holder or any Underwriter of such Registrable Securities, and (E) make available to the appropriate representatives of the Underwriters, if any, and any Holder access to such information and personnel as is reasonable and customary to enable such parties to establish a due diligence defense under the Securities Act;

(xii) in the event that the Registrable Securities covered by such registration statement are shares of Common Stock or shares of capital stock of the Company in a series that are otherwise listed on a securities exchange, use its reasonable best efforts to list the Registrable Securities covered by such registration statement with any securities exchange on which the Common Stock or such other shares of capital stock are then listed;

(xiii) provide a transfer agent and registrar for all such Registrable Securities and, if requested by Underwriter(s) or any Holder, a CUSIP/ISIN number for all such Registrable Securities, in each case not later than the effective date of such registration statement;

(xiv) in connection with a customary due diligence review, make available, during reasonable business hours, for inspection by each Holder, any Underwriter participating in any such disposition of Registrable Securities, if any, and any counsel or accountants retained by the Holders or Underwriter (collectively, the "Offering Persons"), at the offices where normally kept, all financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries, and cause the officers, directors and employees of the Company and its subsidiaries to supply all information and participate in customary due diligence sessions in each case reasonably requested by any such representative, Underwriter, counsel or accountant in connection with such Registration Statement;

(xv) cooperate with each Holder and each Underwriter or agent participating in the disposition of Registrable Securities and their respective counsel in connection with any filings required to be made with the Financial Industry Regulatory Authority ("FINRA"), including the use of its reasonable best efforts to obtain FINRA's preclearance or pre-approval of the registration statement and applicable prospectus upon filing with the SEC;

(xvi) as promptly as is reasonably practicable notify each Holder (A) when the prospectus or any prospectus supplement or post-effective amendment has been filed and, with respect to such registration statement or any post-effective amendment, when the same has become effective, (B) of any request by the SEC for amendments or supplements to such registration statement or related prospectus or to amend or to supplement such prospectus or for additional information, (C) of the issuance by the SEC or other federal or state governmental authority of any stop order suspending the effectiveness of such registration statement or the initiation of any proceedings for such purpose, (D) if at any time the Company has reason to believe that the representations and warranties of the Company contained in the relevant underwriting agreement to the applicable transaction cease to be true and correct or (E) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any proceeding for such purpose; and

(xvii) use its reasonable best efforts to take such other steps that are customarily taken by issuers necessary to effect the registration and sale of the Registrable Securities contemplated hereby.

(b) Each Holder agrees, severally and not jointly, that upon receipt of any notice from the Company of the happening of any event of the kind described in Section 2.03(a)(vii) or 2.03(a)(xvi)(C), such Holder shall discontinue disposition of any Registrable Securities covered by such registration statement or the related prospectus until receipt of the copies of the supplemented or amended prospectus, which supplement or amendment shall, subject to the other applicable provisions of this Agreement, be prepared and furnished as soon as reasonably practicable, or until such Holder is advised in writing by the Company that the use of the applicable prospectus may be resumed, and has received copies of any amended or supplemented prospectus or any additional or supplemental filings which are incorporated, or deemed to be incorporated, by reference in such prospectus (such period during which disposition is discontinued being an "Interruption Period") and, if requested by the Company, such Holder shall use commercially reasonable efforts to return to the Company all copies then in its possession, of the prospectus covering such Registrable Securities at the time of receipt of such request. As soon as practicable after the Company has determined that the use of the applicable prospectus may be resumed, the Company will notify such Holder thereof. In the event the Company invokes an Interruption Period hereunder and in the reasonable discretion of the Company the need for the Company to continue the Interruption Period ceases for any reason, the Company shall, as soon as reasonably practicable, provide written notice to each Holder that such Interruption Period is no longer applicable.

SECTION 2.04 Suspension.

(a) Subject to Section 2.04(b) below, the Company shall be entitled on one (1) occasion in any six (6) month period, for a period of time not to exceed forty-five (45) days in the aggregate in any six (6) month period and sixty (60) days in any twelve (12) month period (any such period, a "Suspension Period") to (x) defer any registration of Registrable Securities and shall have the right not to file and not to cause the effectiveness of any registration covering any Registrable Securities, (y) suspend the use of any prospectus and registration statement covering any Registrable Securities and (z) require each Holder of Registrable Securities to suspend any offerings or sales of Registrable Securities pursuant to such registration statement and any related prospectus, if the Company delivers to each Holder a certificate signed by an executive officer certifying that such registration and offering would require the Company to make an Adverse Disclosure. Such certificate shall contain a statement of the reasons for such suspension and an approximation of the anticipated length of such suspension.

(b) Notwithstanding Section 2.04(a) above, no Suspension Period may exist during the sixty (60) days immediately following the effective date of the Resale Shelf Registration Statement, provided that such sixty (60) day period shall be extended by the number of days during such period, and any extension thereof, during which such Resale Shelf Registration Statement is not effective or the prospectus contained therein is not available for use.

(c) If the Company defers any registration of Registrable Securities in response to an Underwritten Offering Demand Notice or requires any Holder to suspend any Underwritten Offering, such Holder shall be entitled to withdraw such Underwritten Offering Demand Notice and if it does so, such request shall not be treated for any purpose as the delivery of an Underwritten Offering Demand Notice pursuant to Section 2.01(f).

SECTION 2.05 Expenses of Registration. All Registration Expenses incurred in connection with any registration or offering pursuant to Sections 2.01 and 2.02 shall be borne by the Company. All Selling Expenses relating to securities registered on behalf of any Holder shall be borne, severally and not jointly, by the applicable Holder or Holders of the Registrable Securities included in any such registration.

SECTION 2.06 Obligations of Holders.

(a) As a condition to the obligations of the Company to complete any registration pursuant to this Agreement with respect to the Registrable Securities of each Holder, such Holder will timely furnish to the Company such information regarding itself, the Registrable Securities held by it and the intended methods of disposition of the Registrable Securities held by it as is reasonably required by the Company to effect the registration of the Registrable Securities. At least ten (10) Business Days prior to the first anticipated filing date of a registration statement for any registration under this Agreement, the Company will notify each Holder of the information the Company requires from that Holder whether or not such Holder has elected to have any of its Registrable Securities included in the registration statement. If the Company has not received the requested information from a Holder by the Business Day prior to the anticipated filing date, then the Company may file the registration statement without including Registrable Securities of that Holder.

(b) Upon receipt of any notice from the Company under Section 2.03(b), each Holder will immediately discontinue disposition of the Registrable Securities pursuant to the registration statement covering such Registrable Securities until the offering, sale and distribution of the Registrable Securities owned by such Holder may recommence in accordance with the terms hereof and applicable Law.

SECTION 2.07 Rule 144 Reporting. With a view to making available the benefits of Rule 144 to any Holder, the Company agrees that, for so long as any Holder owns Registrable Securities, the Company will use its reasonable best efforts to:

(a) make and keep public information available, in accordance with Rule 144, at all times after the date of this Agreement;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the Exchange Act;

(c) so long as a Holder owns any Registrable Securities, furnish to each Holder upon written request a written statement by the Company as to its compliance with the reporting requirements of the Exchange Act; and

(d) take such further necessary action as any Holder of Registrable Securities may reasonably request in connection with the removal of any restrictive legend on the Registrable Securities being sold, all to the extent required from time to time to enable such Holder to sell the Registrable Securities without registration under the Securities Act within the limitations of the exemption provided by Rule 144.

SECTION 2.08 Holdback Agreement. Each of the Company and each Holder, (other than a Holder that beneficially owns less than 10% of the Common Stock that is outstanding, on an as converted basis, immediately prior to the offering) of Registrable Securities (whether or not such Registrable Securities are covered by a registration statement filed pursuant to Section 2.01(f) or Section 2.02) agrees, severally and not jointly, upon notice from the managing Underwriter or Underwriters in connection with any registration statement for an underwritten offering of Common Stock or securities convertible into, or exchangeable or exercisable for, Common Stock (other than in connection with the registration of securities issuable pursuant to an employee stock option, stock purchase or similar plan or pursuant to a merger, exchange offer or a transaction of the type specified in Rule 145(a) under the Securities Act), that it will enter into, and the Company will use its reasonable best efforts to cause its directors and executive officers to enter into, a customary "lock-up" agreement with such managing Underwriter(s), pursuant to which such parties will agree not to offer, sell, contract to sell, pledge, hypothecate, transfer, make any short sale of, loan, grant any option or right to purchase of, or otherwise transfer or dispose of (other than to donees who agree to be similarly bound) any Registrable Securities held by it at any time during such period, except Registrable Securities included in such registration, without the prior written consent of the managing Underwriter(s) during such period as reasonably requested by the managing Underwriter(s) (but in no event longer than the five trading days before and the 90 days after the pricing of such underwritten offering); provided, however, that the obligations of each Holder under this Section 2.08 shall apply only: (i) if such Holder shall be afforded the right (whether or not exercised by such Holder) to include Registrable Securities in such underwritten offering in accordance with and subject to the provisions of Article II hereof; (ii) to the extent that each of the Company's executive officers, directors and holders of 10% or more of the then outstanding Common Stock enter into lock-up agreements with such managing Underwriter(s), which agreements shall not contain terms more favorable than those contained in the lock-up agreement entered into by such Holder; and (iii) if the aggregate restriction periods in such Holder's lock-up agreements entered into pursuant to this Section 2.08 shall not exceed an aggregate of 90 days during any 365-day period

SECTION 2.09 Indemnification.

(a) Indemnification by Company. To the extent permitted by applicable Law, the Company will, with respect to any Registrable Securities covered by a registration statement or prospectus, or as to which registration or qualification or compliance under applicable "blue sky" laws has been effected pursuant to this Agreement, indemnify and hold harmless each Holder, each Holder's current and former officers, directors, partners, members, managers, stockholders, accountants, attorneys, agents and employees, and each Person controlling such Holder within the meaning of Section 15 of the Securities Act, and each Underwriter thereof, if any, and each of its directors, officers and each Person who controls any such Underwriter within the meaning of Section 15 of the Securities Act (collectively, the "Company Indemnified Parties") from and against any and all expenses, claims, losses, damages, costs (including costs of preparation and reasonable attorney's fees and any legal or other fees or expenses actually incurred by such party in connection with any investigation or proceeding), judgments, fines, penalties, charges, amounts paid in settlement and other liabilities, joint or several (or actions in respect thereof) (collectively, "Losses"), to the extent arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained or incorporated by reference in any registration statement, prospectus, preliminary prospectus, final prospectus, offering circular, "issuer free writing prospectus" (as such term is defined in Rule 433 of the Securities Act) or other document, in each case related to such registration statement, or any amendment or supplement thereto, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or any violation (or alleged violation) by the Company of the Securities Act, the Exchange Act, any state securities law or any rules or regulations thereunder applicable to the Company and (without limiting the preceding portions of this Section 2.09) the Company will reimburse each of the Company Indemnified Parties for any reasonable and documented legal expenses and any other reasonable and documented expenses actually incurred in connection with investigating, defending or, subject to the last sentence of this Section 2.09, settling any such Losses or action, as such expenses are incurred; provided that the Company's indemnification obligations shall not apply to amounts paid in settlement of any Losses or action if such settlement is effected without the prior written consent of the Company (which consent shall not be unreasonably withheld or delayed), nor shall the Company be liable to a Holder in any such case for any such Losses or action to the extent that it arises out of or is based upon any untrue statement or omission in the registration statement or prospectus which occurs in reliance upon and in conformity with written information regarding such Holder furnished to the Company by such Holder or its authorized representatives expressly for use in connection with such registration by or on behalf of any Holder.

(b) Indemnification by Holders. To the extent permitted by applicable Law, each Holder will, if Registrable Securities held by such Holder are included in the securities as to which registration or qualification or compliance under applicable "blue sky" laws is being effected, indemnify, severally and not jointly with any other Holders of Registrable Securities, the Company, each of its Representatives, each Person who controls the Company or such Underwriter within the meaning of Section 15 of the Securities Act (collectively, the "Holder Indemnified Parties"), against all Losses (or actions in respect thereof) to the extent arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any registration statement, prospectus, preliminary prospectus, final prospectus, offering circular, "issuer free writing prospectus" or other document, in each case related to such registration statement, or any amendment or supplement thereto, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and will reimburse each of the Holder Indemnified Parties for any reasonable and documented legal expenses and any other reasonable and documented expenses actually incurred in connection with investigating, defending or, subject to the last sentence of this Section 2.09, settling any such Losses or action, as such expenses are incurred, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such registration statement, prospectus, offering circular, "issuer free writing prospectus" or other document in reliance upon and in conformity with written information regarding such Holder furnished to the Company by such Holder or its authorized representatives and stated to be specifically for use therein; provided, however, that in no event shall any indemnity under this Section 2.09(b) payable by any Holder exceed an amount equal to the net proceeds (after payment of Selling Expenses) received by each such Holder in respect of the Registrable Securities sold pursuant to the registration statement. The indemnity agreement contained in this Section 2.09(b) shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action if such settlement is effected without the prior written consent of the applicable Holder (which consent shall not be unreasonably withheld or delayed).

(c) Notification. If any Person shall be entitled to indemnification under this Section 2.09 (each, an "Indemnified Party"), such Indemnified Party shall give prompt notice to the party required to provide indemnification (each, an "Indemnifying Party") of any claim or of the commencement of any proceeding as to which indemnity is sought. The Indemnifying Party may, with the consent of the Indemnified Party, assume, at the Indemnifying Party's expense, the defense of any such claim or litigation, with counsel reasonably satisfactory to the Indemnified Party and, after notice from the Indemnifying Party to such Indemnified Party of its election to assume the defense thereof and the Indemnified Party's consent thereto, the Indemnifying Party will not (so long as it shall continue to have the right to defend, contest, litigate and settle the matter in question in accordance with this Section 2.09(c)) be liable to such Indemnified Party hereunder for any legal expenses and other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof; provided, however, that an Indemnified Party shall have the right to employ separate counsel in any such claim or litigation, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless the Indemnifying Party shall have failed within a reasonable period of time to assume such defense and the Indemnified Party is or would reasonably be expected to be materially prejudiced by such delay. The failure of any Indemnified Party to give notice as provided herein shall relieve an Indemnifying Party of its obligations under this Section 2.09 only to the extent that the failure to give such notice is materially prejudicial or harmful to such Indemnifying Party's ability to defend such action. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the prior written consent of each Indemnified Party (which consent shall not be unreasonably withheld or delayed), consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. The indemnity agreements contained in this Section 2.09 shall not apply to amounts paid in settlement of any claim, loss, damage, liability or action if such settlement is effected without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed. The indemnification set forth in this Section 2.09 shall be in addition to any other indemnification rights or agreements that an Indemnified Party may have. An Indemnifying Party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such Indemnifying Party with respect to such claim, unless in the reasonable judgment of any Indemnified Party a conflict of interest may exist between such Indemnified Party and any other Indemnified Parties with respect to such claim.

(d) Contribution. If the indemnification provided for in this Section 2.09 is held by a court of competent jurisdiction to be unavailable to an Indemnified Party, other than pursuant to its terms, with respect to any Losses or action referred to therein, then, subject to the limitations contained in this Section 2.09, the Indemnifying Party, in lieu of indemnifying such Indemnified Party hereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses or action in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party, on the one hand, and the Indemnified Party, on the other, in connection with the actions, statements or omissions that resulted in such Losses or action, as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party, on the one hand, and the Indemnified Party, on the other hand, shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made (or omitted) by, or relates to information supplied by such Indemnifying Party or such Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent any such action, statement or omission. The Company and each Holder agree that it would not be just and equitable if contribution pursuant to this Section 2.09(d) was determined solely upon pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding sentence of this Section 2.09(d). Notwithstanding the foregoing, the amount an Investor and any Holder will be obligated to contribute pursuant to this Section 2.09(d) will be limited to an amount equal to the net proceeds (after payment of Selling Expenses) received by such Investor and/or such Holder in respect of the Registrable Securities sold pursuant to the registration statement which gives rise to such obligation to contribute. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with an underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

SECTION 2.10 Transfer of Registration Rights. Any rights to cause the Company to register securities granted to a Holder under this Article II may be transferred or assigned to any Person in connection with a permitted transfer of Series A Preferred Stock, or upon conversion, the underlying Common Stock pursuant to the Securities Purchase Agreement; provided, however, that (i) prior written notice of such assignment of rights is given to the Company and (ii) such Person agrees in writing to be bound by, and subject to, this Agreement as a "Holder" pursuant to a written instrument in form and substance reasonably acceptable to the Company.

SECTION 2.11 Termination of Registration Rights. The rights of any particular Holder to cause the Company to register securities under Article II shall terminate with respect to such Holder upon the date upon which such Holder no longer holds any Registrable Securities. The registration rights contained in this Article II shall terminate on the date on which all shares of Common Stock issuable (or actually issued) to any Holder upon conversion of the Series A Preferred Stock cease to be Registrable Securities.

SECTION 2.12 Registration Default. If (i) a Resale Shelf Registration Statement is not filed with the SEC on or prior to the date that is one year after the date hereof or is not declared effective by the SEC as promptly as reasonably possible thereafter (but in any event not later than 60 days after filing), or any post-effective amendment or supplement to such Resale Shelf Registration Statement that is required to be filed and made effective is not filed and declared effective by the SEC in accordance with Section 2.01(a)(ii), Section 2.01(c) or Section 2.01(e), or (ii) if a Shelf Registration has been declared or become effective but ceases to be effective or usable for the offer and sale of the Registrable Securities (without being succeeded immediately by an effective replacement registration statement), or the Shelf Registration or prospectus contained therein ceases to be usable in connection with the resales of Registrable Securities for a period of time which exceeds sixty (60) days in the aggregate in any consecutive 12-month period because of a suspension under Section 2.04, interruption under Section 2.03(b) or otherwise (each of (i) or (ii), a "Registration Default") (provided that, if the registration statement ceases to be effective or usable for the offer, sale and resale of Registrable Securities under clause (ii) solely as a result of requirement to file a post-effective amendment or supplement to the prospectus to make changes to the information regarding selling securityholders or the plan of distribution provided for therein at the request of any Holder, such default shall not constitute a Registration Default with respect to such Holder), then, as partial relief for the damages to any Holder by reason of any such delay in or reduction of its ability to sell the underlying shares of Common Stock (which remedy shall not be exclusive of any other remedies available at law or in equity, including, without limitation, specific performance or the additional obligation of the Company to register any Common Stock), the Company shall pay to each Holder of Registrable Securities relating to such Resale Shelf Registration Statement an amount in cash equal to one and one-half percent (1.5%) of the aggregate purchase price of the Registrable Securities included in such Resale Shelf Registration Statement on each of the following dates: (i) the day of a Registration Default and (ii) on the thirtieth day after the date of a Registration Default and every thirtieth day thereafter (pro-rated for periods totaling less than thirty days) until such Registration Default is cured. The payments to which a Holder shall be entitled pursuant to this Section 2.12 are referred to herein as "Registration Default Payments." In no event shall the aggregate amount of all Registration Default Payments payable to a Holder exceed seven and one-half percent (7.5%) of the aggregate purchase price of the Registrable Securities included in such Resale Shelf Registration Statement. Registration Default Payments shall be paid on the earlier of (I) the dates set forth above and (II) the third Business Day after the event or failure giving rise to the Registration Default Payments is cured. In the event the Company fails to make Registration Default Payments in a timely manner, such Registration Default Payments shall bear interest at the rate of one and one-half percent (1.5%) per month (prorated for partial months) until paid in full.

SECTION 2.13 Preservation of Rights.Without the prior written consent of the Majority Holders, the Company shall not, on or after the date of this Agreement, (i) grant any registration rights to third parties which are more favorable than or inconsistent with the rights granted hereunder, or (ii) enter into any agreement, take any action, or permit any change to occur, with respect to its securities that is inconsistent with or violates or subordinates the rights expressly granted to each Holder in this Agreement, such as (A) affecting the ability of each Holder to include the Registrable Securities in a registration undertaken pursuant to this Agreement or (B) affecting the marketability of such Registrable Securities in any such registration (including effecting a stock split or a combination of shares).

ARTICLE III

MISCELLANEOUS

SECTION 3.01 Notices. All notices, requests, permissions, waivers or other communications required or permitted to be given under this Agreement shall be in writing and shall be delivered by hand or sent by facsimile sent, postage prepaid, by registered, certified or express mail or overnight courier service and shall be deemed given when so delivered by hand, by facsimile (which is confirmed), or if mailed, three days after mailing (one Business Day in the case of express mail or overnight courier service) to the parties at the following addresses or facsimiles (or at such other address or facsimile for a party as shall be specified by like notice):

(a) If to the Company:

Lincoln Educational Services Corporation
200 Executive Drive, Suite 340
West Orange, NJ 07052
Attention: Chief Financial Officer

with a copy to (which copy alone shall not constitute notice):

McCarter & English LLP
825 Eighth Avenue, 31st Floor
New York, NY 10019
Attention: Michele Vaillant and Howard Berkower

(b) If to Juniper:

555 Madison Avenue
24th Floor
New York, NY 10022
Attention: John A. Bartholdson

with a copy to (which copy alone shall not constitute notice):

Shearman & Sterling LLP
111 Congress Avenue
Austin, TX 78701
Attention: J. Matthew Lyons

(c) If to Talanta Fund, L.P.

Talanta Fund, L.P.
c/o Talanta Investment Group, LLC
525 N. Tryon Street, 16th Floor
Charlotte, NC 28202
Attention: Justyn R. Putnam

SECTION 3.02 Amendments, Waivers, etc.. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only if such amendment or waiver is in writing and signed, in the case of an amendment, by the Company and the Majority Holders, or, in the case of a waiver, by the party against whom the waiver is to be effective. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each Holder of Registrable Securities under this Agreement, each future holder of Registrable Securities, and the Company. The failure of any party hereto to exercise any right, power or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to insist upon compliance by any other party hereto with its obligations hereunder, shall not constitute a waiver by such party of its right to exercise any such other right, power or remedy or to demand such compliance.

SECTION 3.03 Counterparts and Facsimile. This Agreement may be executed in two or more identical counterparts (including by facsimile or electronic transmission), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

SECTION 3.04 Governing Law; Specific Enforcement; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without regard to the conflicts of law principles of such state.

(b) The parties hereto acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties hereto shall be entitled to an injunction or injunctions to prevent breaches or threatened breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any court of competent jurisdiction, in each case, without proof of damages or otherwise (and each party hereto hereby waives any requirement for the securing or posting of any bond in connection with such remedy), this being in addition to any other remedy to which they are entitled at law or in equity. The parties hereto agree not to assert that a remedy of specific enforcement is unenforceable, invalid, contrary to Law or inequitable for any reason, nor to assert that a remedy of monetary damages would provide an adequate remedy.

(c) Each of the parties hereto irrevocably and unconditionally submits to the exclusive jurisdiction of the United States District court for the Southern District of New York for the purpose of any suit, Action or other proceeding arising out of this Agreement and the rights and obligations arising hereunder, and irrevocably and unconditionally waives any objection to the laying of venue of any such Action or proceeding in any such court, and further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such Action or proceeding has been brought in an inconvenient forum. Each party hereto agrees that service of any process, summons, notice or document by registered mail to such party's respective address set forth in Section 3.01 shall be effective service of process for any such Action or proceeding.

(d) EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, CLAIM OR OTHER PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY HERETO (I) CERTIFIES THAT NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF ANY ACTION, CLAIM OR OTHER PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER AND (II) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 3.04(d).

SECTION 3.05 Interpretation. When a reference is made in this Agreement to an Article or Section, such reference shall be to an Article or Section of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The word "will" shall be construed to have the same meaning as the word "shall." Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." 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. The words "date hereof" shall refer to the date of this Agreement. The word "day" means a calendar day and not a Business Day. Periods of time described herein shall include the first day of such period but not the last day thereof. The word "or" shall not be exclusive. The word "extent" in the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and shall not simply mean "if." All references to "$" mean the lawful currency of the United States of America. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Except as specifically stated herein, any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein. Except as otherwise specified herein, references to a Person are also to its successors and permitted assigns. Each of the parties hereto has participated in the drafting and negotiation of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement must be construed as if it is drafted by all the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of authorship of any of the provisions of this Agreement.

SECTION 3.06 Several Obligations of the Holders. Notwithstanding anything in this Agreement to the contrary, the representations, covenants and other obligations of the Investors and other Holders under this Agreement shall be several and not joint.

SECTION 3.07 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced because of any Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible so as to effect the original intent of the parties as closely as possible to the fullest extent permitted by applicable Law.

SECTION 3.08 No Third-Party Beneficiaries. Except as provided in Section 3.09, this Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing expressed or referred to in this Agreement will be construed to give any Person, other than the parties to this Agreement and such permitted assigns, any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement, whether as third party beneficiary or otherwise.

SECTION 3.09 Representation of Parties. The parties hereto acknowledge and agree that in connection with this Agreement, Shearman & Sterling LLP has represented only Juniper and not the Company or any other Investor that is party hereto in any capacity.

SECTION 3.10 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, by any of the parties hereto (whether by operation of Law or otherwise) without the prior written consent of the other parties (which consent shall not be unreasonably withheld or delayed, and any assignment in violation of this provision shall be null and void); provided that notwithstanding the foregoing, (a) the Company shall be permitted to assign this Agreement and its rights, interests and obligations hereunder without the prior written consent of any other party hereto to the successor or surviving entity in any merger, business combination or other transaction involving a change of control of the Company and (b) this Section 3.10 shall not prohibit any transfer permitted under Section 2.10 of this Agreement.

SECTION 3.11 Termination.

(a) Automatic Termination. Other than the termination provisions applicable to particular Sections of this Agreement that are specifically provided elsewhere in this Agreement, this Agreement shall terminate, subject to Section 3.11(b), at such time when there are no longer any Registrable Securities outstanding.

(b) Survival. In the event that this Agreement shall terminate, all provisions of this Agreement shall terminate and shall be void, except Articles I and III and shall survive any such termination indefinitely. The termination of this Agreement shall not relieve any party from any liability for any breach by a party of this Agreement.

SECTION 3.12 Entire Agreement. This Agreement, together with the Series A Certificate of Amendment and the Securities Purchase Agreement, constitutes the entire agreement, and supersedes all other prior agreements, understandings, representations and warranties, both written and oral, between the parties, with respect to the subject matter hereof; provided, that nothing herein shall limit, restrict, prevent or supersede the other transaction documents related to the Series A Preferred Stock, or serve as a consent or waiver thereunder.

[*Remainder of page intentionally left blank*]

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

COMPANY:

LINCOLN EDUCATIONAL SERVICES CORPORATION

By: */s/ Scott M. Shaw*
Name: Scott M. Shaw
Title: Chief Executive Officer

INVESTORS:

JUNIPER TARGETED OPPORTUNITY FUND, L.P.

By: JUNIPER HF INVESTORS II, LLC, its General Partner

By: */s/ John A. Bartholdson*
Name: John A. Bartholdson
Title: Managing Member

JUNIPER TARGETED OPPORTUNITIES, L.P., SOLELY WITH RESPECT TO THE SERIES C THEREOF

By: JUNIPER TARGETED OPPORTUNITY INVESTORS, LLC, its General Partner

By: */s/ John A. Bartholdson*
Name: John A. Bartholdson
Title: Managing Member

INVESTOR:

TALANTA FUND, L.P.

By:TALANTA INVESTMENT GROUP, LLC, its General Manager

By: */s/ Justyn R. Putnam*

Name:Justyn R. Putnam
Title: Managing Member

[SIGNATURE PAGE TO REGISTRATION RIGHTS AGREEMENT]

SCHEDULE A

SCHEDULE OF INVESTORS

Purchaser	Purchase Amount	Series A Preferred Stock
Juniper Targeted Opportunity Fund, L.P. Address: 555 Madison Avenue 24th Floor New York, NY 10022	$3,500,000	3,500
Juniper Targeted Opportunities, L.P. Address: 555 Madison Avenue 24th Floor New York, NY 10022	$7,700,000	7,700
Talanta Fund, L.P. Address: c/o Talanta Investment Group, LLC 525 N. Tryon Street, 16th Floor Charlotte, NC 28202	$1,500,000	1,500
Total	$12,700,000	12,700

Exhibit 10.3

CREDIT AGREEMENT

BY AND BETWEEN

STERLING NATIONAL BANK

AND

LINCOLN EDUCATIONAL SERVICES CORPORATION;
LINCOLN TECHNICAL INSTITUTE, INC.;
NASHVILLE ACQUISITION, L.L.C.;
NEW ENGLAND ACQUISITION, LLC;
EUPHORIA ACQUISITION, LLC;
LCT ACQUISITION, LLC;
NN ACQUISITION, LLC and
LTI HOLDINGS LLC

Dated as of November 14, 2019

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STERLING NATIONAL BANK

CREDIT AGREEMENT

CREDIT AGREEMENT, dated as of November 14, 2019, by and between LINCOLN EDUCATIONAL SERVICES CORPORATION, a New Jersey corporation (the "Parent"); LINCOLN TECHNICAL INSTITUTE, INC., a New Jersey corporation; NASHVILLE ACQUISITION, L.L.C., a Delaware limited liability company; NEW ENGLAND ACQUISITION, LLC, a Delaware limited liability company; EUPHORIA ACQUISITION, LLC, a Delaware limited liability company; LCT ACQUISITION, LLC, a Delaware limited liability company; NN ACQUISITION, LLC, a Delaware limited liability company; and LTI HOLDINGS, LLC, a Colorado limited liability company (individually and collectively, the "Borrower"), and STERLING NATIONAL BANK (the "Bank").

The Borrower has requested that the Bank extend credit to it and the Bank is willing to do so subject to the terms and conditions set forth herein.

Accordingly, for good and valuable consideration, the parties hereto agree as follows:

1. DEFINITIONS AND PRINCIPLES OF CONSTRUCTION.

Section 1.1 Definitions.

As used in this Agreement, terms defined elsewhere in this Agreement have the meanings therein indicated, and the following terms have the following meanings:

"Accreditation" means the status of public recognition granted by any Accrediting Body to an educational institution or location or program thereof that meets all of the Accrediting Body's standards and requirements.

"Accrediting Body(ies)" means individually, any Person other than a Governmental Authority that is recognized as an accrediting agency by the DOE which engages in granting or withholding Accreditation or similar approval for private post-secondary schools or programs, in accordance with standards relating to the performance, operation, financial condition and/or educational quality of such schools, including the Accrediting Commission of Career Schools and Colleges, and collectively, two or more of them.

"Adjusted EBITDA" means, for the period under review, for the Borrower on a consolidated basis, an amount equal to Consolidated Net Income for such period plus the following to the extent deducted in calculating such Consolidated Net Income: costs associated with the closing of the Lincoln College of New England campus in Southington, Connecticut in the amount of (A) $6,000,000 during the Fiscal Quarter ended December 31, 2018, (B) $5,863,000 during the Fiscal Quarter ending March 31, 2019, (C) $4,964,000 during the Fiscal Quarter ending June 30, 2019 and (D) $3,099,000 during the Fiscal Quarter ending September 30, 2019 only; it being understood and agreed that the add backs for the fiscal periods noted in clauses (A) through (D) shall be one-time adjustments only and shall not carry forward to any subsequent fiscal periods); the amount of depreciation and amortization expense for such period; with the Bank's consent in its sole discretion, impairment of goodwill and long-lived assets for such period; Consolidated Interest Expense; the provision for federal, state, local and foreign income taxes payable for such period; and other non-cash expenses related to stock-based compensation and pension expense for such period, which shall be limited to an aggregate sum of $2,500,000 during any twelve (12) month period, in each case as determined in accordance with GAAP; and non-recurring expenses not to exceed $1,750,000 for the Fiscal Quarter ending September 30, 2019, which non-recurring expenses shall be a one-time adjustment only and shall not carry forward to any subsequent fiscal periods.

"Affiliate(s)" means individually, with respect to a specified Person, another Person that directly or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified, and collectively, all of them.

"Agreement" means this Credit Agreement, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Applicable Margin" has the meaning ascribed thereto in Section 3.1(A)(c).

"Assignee" has the meaning set forth in Section 9.6(b).

"Authorized Signatory" means, as to any Borrower, the chief executive officer, the president, any vice president, the chief financial officer or any other officer (designated in writing by the Borrower and acceptable to the Bank) of such Borrower.

"Balance Sheet Date" has the meaning ascribed thereto in Section 4.12(b).

"Bank" has the meaning ascribed thereto in the preamble to this Agreement.

"Banking Services" means each and any of the following bank services provided to the Borrower by the Bank or any of its Affiliates: (i) credit cards for commercial customers (including, without limitation, "commercial credit cards" and purchasing cards), (ii) stored value cards and (iii) treasury management services (including, without limitation, controlled disbursement, automated clearinghouse transactions, return items, overdrafts and inter-state depository network services).

"Banking Services Obligations" of the Borrower means any and all obligations of the Borrower, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor) in connection with Banking Services.

"Beneficiary" means the Person named on a Letter of Credit application as the beneficiary or any transferee of such beneficiary.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" has the meaning ascribed thereto in the preamble to this Agreement.

"Borrowing Date" means the date of the making, conversion or continuation of any Loan.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in the State of New Jersey are authorized or required by law to remain closed.

"Capital Expenditures" means, for any period, the Dollar amount of gross cash expenditures by the Borrower, in respect of the purchase or other acquisition of any fixed assets, real property, plant and equipment and all renewals, improvements and replacements of any of the foregoing, but not maintenance and repairs to any such item. For purposes of this definition, the purchase price of equipment that is purchased simultaneously with the trade-in of existing equipment or with insurance proceeds shall be included in Capital Expenditures only to the extent of the gross amount by which such purchase price exceeds the credit granted by the seller of such equipment for the equipment being traded in at such time or the amount of such insurance proceeds, as the case may be.

"Capital Lease(s)" means, individually, with respect to any Person, any lease of property (whether real, personal or mixed) by such Person as lessee, which, in conformity with GAAP, is accounted for as a capital lease on the balance sheet of such Person, and collectively, all of them.

"Capital Lease Obligations" means, with respect to any Person, obligations of such Person under Capital Leases accounted for as liabilities in accordance with GAAP.

"Capital Stock" means, as to any Person, all shares of capital stock (including Preferred Stock), limited liability company interests, participations, rights in or other equivalents (however designated) of such Person's equity (however designated) and any rights, warrants or options exchangeable for or convertible into such shares of capital stock, partnership interests, limited liability company interests, participations, rights or other equity.

"Cash Collateral Account" has the meaning ascribed thereto in Section 2.1(f).

"CEA" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

"CFTC" means the Commodities Futures Trading Commission.

"Change in Law" means (i) the adoption of any law, rule or regulation after the date of this Agreement, (ii) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (iii) compliance by the Bank (or by the Bank's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; provided that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203 (signed into law on July 21, 2010)) and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a Change in Law, regardless of the date enacted, adopted or issued.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor thereto, and the rules and regulations issued thereunder, as from time to time in effect.

"Cohort Default Rate" shall have the meaning ascribed to such term in 34 C.F.R. § 668 Subpart N.

"Collateral" means any and all "Collateral", as defined in any applicable Security Document.

"Compliance Certificate" has the meaning ascribed thereto in Section 6.1(c).

"Compliance Date" means December 31, 2017.

"Consolidated Interest Expense" means, for any period, the aggregate of the interest expense of the Parent and its direct and indirect Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

"Consolidated Net Income" means, for any period, the net income (exclusive of extraordinary gains and extraordinary losses) determined on a consolidated basis for the Parent and its direct and indirect Subsidiaries for such period, all as determined in accordance with GAAP.

"Consolidated Tangible Net Worth" means, at any time, the excess of Consolidated Total Tangible Assets over Consolidated Total Liabilities.

"Consolidated Total Assets" means, at any time, the total assets of the Parent and its direct and indirect Subsidiaries on a consolidated basis, as determined in accordance with GAAP.

"Consolidated Total Liabilities" means, at any time, the total liabilities of the Parent and its direct and indirect Subsidiaries on a consolidated basis, as determined in accordance with GAAP.

"Consolidated Total Tangible Assets" means, at any time, Consolidated Total Assets less all intangible assets of the Parent and its direct and indirect Subsidiaries on a consolidated basis, including goodwill, patents, trademarks, trade names, copyrights and franchises, all as determined in accordance with GAAP.

"Consumer Protection Law" means any Law or binding standard directly or indirectly related to the protection of consumers in financing transactions, including the federal Truth in Lending Act, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Fair Debt Collection Practices Act, the privacy and data security provisions of the Gramm-Leach-Bliley Act, Section 5 of the Federal Trade Commission Act, the Consumer Financial Protection Act and applicable federal agency regulations implementing the foregoing, and any state law or regulation regarding retail installment sales agreements, consumer loans, or unfair or deceptive acts or practices.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. The terms "Controlling" and "Controlled" have meanings correlative thereto.

"Default" means any event or condition which constitutes an Event of Default or that upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Default Rate" has the meaning ascribed thereto in Section 3.1A.(e).

"Delayed Draw Availability Period" means the period commencing on the Effective Date and ending on May 31, 2021.

"Delayed Draw Term Loan" has the meaning ascribed thereto in Section 2.1(b).

"Delayed Draw Term Loan Maturity Date" means December 1, 2024.

"Delayed Draw Term Note" means the promissory note of the Borrower dated as of the date hereof evidencing the Delayed Draw Term Loan payable to the order of the Bank or other promissory note in form acceptable to the Bank and the Borrower.

"Depreciation and Amortization" means, for any period, the depreciation and amortization of a Person for such period, all as determined in accordance with GAAP.

"Disclosure Letter" means the confidential disclosure letter delivered by the Parent to the Bank on the date hereof, a certified copy of which is included in the Preferred Stock Transaction Documents delivered to the Bank pursuant to Section 5.1(m).

"DOE" means the U.S. Department of Education or any successor agency.

"Dollars" or "$" refers to lawful money of the United States of America.

"EBITDA" means, for any period, Net Income, plus each of the following (without duplication as an addition), if such item was deducted in determining Net Income: (1) Interest Expense, (2) Income Taxes and (3) Depreciation and Amortization, all for such period.

"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 financial assistance to or for students of, or otherwise regulates private postsecondary schools, including the DOE, any state education department or agency, any guaranty agency, and any Accrediting Body.

"Educational Approval" means any license, authorization, approval, certification, or Accreditation, issued or required to be issued by an Educational Agency with respect to any aspect of the Borrower's or any of its Subsidiary's operations in order for the Borrower or such Subsidiary or any location to operate or participate in Title IV, but excluding approvals or licenses with respect to the activities of individual recruiters or instructors at any Subsidiary.

"Educational Law" means the HEA and any other Law, or binding standard issued or administered by, or related to, any Educational Agency.

"Educational Loan" means any student loan made, insured or originated under Title IV.

"Effective Date" means the date on which the conditions specified in Section 5.1 are satisfied (or waived by the Bank).

"Eligible Contract Participant" or "ECP" means an "eligible contract participant" as defined in the CEA and regulations thereunder.

"Eligibility Date" means with respect to the Borrower or any other Loan Party and each Swap Transaction, the date on which this Agreement or any other Loan Document becomes effective with respect to such Swap Transaction (for the avoidance of doubt, the Eligibility Date is the Effective Date of such Swap Transaction).

"Employee Benefit Plan" means an employee benefit plan within the meaning of section 3(3) of ERISA maintained, sponsored or contributed to by the Borrower.

"Environmental Consultant" has the meaning ascribed thereto in Section 4.15(b).

"Environmental Laws" means all applicable laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, in each case, to the extent binding on the Borrower, relating to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or the effect of the environment on employee health and safety matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of any Borrower directly or indirectly resulting from or based upon (i) violation of any Environmental Law, (ii) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (iii) exposure to any Hazardous Materials, (iv) the release or threatened release of any Hazardous Materials into the environment or (v) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Environmental Properties" has the meaning ascribed thereto in Section 4.15(b).

"Environmental Properties Audits" has the meaning ascribed thereto in Section 4.15(b).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations issued thereunder.

"ERISA Affiliate" means with respect to a Pension Plan, ERISA, the PBGC or a provision of the Code pertaining to employee benefit plans, any Person that is a member of any group of organizations within the meaning of section 414 of the Code of which the Borrower or any Subsidiary is a member.

"ERISA Event" means (i) any "reportable event", as defined in section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (ii) any failure by any Plan to satisfy the minimum funding standard (as defined in section 412 of the Code or section 302 of ERISA) applicable to such Plan, whether or not waived; (iii) the filing pursuant to section 412(c) of the Code or section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (iv) the incurrence by the Borrower or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan; (v) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (vi) the incurrence by the Borrower or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (vii) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Event of Default" has the meaning ascribed thereto in Section 8.1.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Excluded Swap Obligation" means with respect to any Loan Party, any Swap Obligation if, and to the extent that, all or a portion of the guaranty of such Loan Party of, or the grant by such Loan Party of a security interest to secure, such Swap Obligation (or any guaranty thereof) is or becomes illegal or unlawful under the CEA as amended from time to time, and any successor statute or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Loan Party's failure for any reason not to constitute an Eligible Contract Participant at the time the guaranty of such Loan Party would otherwise have become effective with respect to such related Swap Obligation but for such Loan Party's failure to constitute an Eligible Contract Participant at such time.

"Executive Order" has the meaning ascribed thereto in Section 9.17(a).

"Federal Funds Effective Rate" means, for any day, the rate per annum equal to the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Bank from three Federal funds brokers of recognized standing selected by it.

"Federal Family Education Loan Program" means Part B of Title IV of the Higher Education Act of 1965.

"Financial Assistance Programs" means each Title IV Program pursuant to which Title IV Program funding has been provided to or on behalf of any School's students; and any other government-sponsored or private student financial assistance program other than the Title IV Programs pursuant to which student financial assistance, grants or loans were provided to or on behalf of any School's students.

"Fiscal Quarter" means each period from January 1 to March 31, April 1 to June 30, July 1 to September 30 and October 1 to December 31.

"Fiscal Year" means each period from January 1 to December 31.

"Fixed Charge" has the meaning ascribed thereto in Section 7.18(d).

"Funded Debt" means, at any time, all Indebtedness for borrowed money of the Borrower, including Subordinated Indebtedness, but excluding (i) Line of Credit Loans and other Indebtedness for borrowed money that is secured by cash and (ii) Letters of Credit issued under the Revolving Loan and outstanding.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and in the statements and pronouncements of the Financial Accounting Standards Board or in such other statement by such other entity as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination, consistently applied.

"Governmental Authority" means any national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, administrative, public or statutory instrumentality, authority, body, agency, bureau, commission, board, department or other entity (including, without limitation, the Federal Deposit Insurance Corporation, the Comptroller of the Currency or the Federal Reserve Board, any central bank or any comparable authority) or any arbitrator with authority to bind a party at law.

"Governmental Order" means any order, writ, judgment, injunction, decree, stipulation, ruling, subpoena, verdict, permit, license, exemption, certification, decision, determination or award entered by or with any Governmental Authority or Educational Agency.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature (or any extract, component or derivative thereof) regulated pursuant to any Environmental Law, including, but not limited to, (i) those substances, materials and wastes listed in the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302) and amendments thereto and replacements thereof and (ii) any substance, pollutant or material defined as, or designated in, any Environmental Law as a "hazardous substance", "toxic substance", "hazardous material", "hazardous waste", "restricted hazardous waste", "pollutant", "toxic pollutant" or words of similar import.

"HEA" means the Higher Education Act of 1965, as amended.

"Holder" or "Holders" means the holder of record of the Series A Preferred Stock as they appear on the stock register of the Parent.

"Income Taxes" means, for any period, the income taxes of a Person for such period, all as determined in accordance with GAAP.

"Indebtedness" of any Person means, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (iii) all obligations of such Person under conditional sale or other title retention agreements relating to property used and/or acquired by such Person, (iv) all obligations of such Person in respect of the deferred purchase price of property or services (excluding accounts payable incurred in the ordinary course of business), (v) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (vi) all guarantees by such Person of Indebtedness of others, (vii) all Capital Lease Obligations of such Person, (viii) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (ix) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances, and (x) all other liabilities and obligations which would be classified in accordance with GAAP as indebtedness on a balance sheet or to which reference should be made in footnotes thereto. The amount of any guarantee shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such guarantee is made and (b) the maximum amount for which the Person giving such guarantee may be liable pursuant to the terms of the agreement embodying such guarantee unless such primary obligation and the maximum amount for which such Person may be liable are not stated or determinable, in which case the amount of such guarantee shall be such Person's maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith. For the avoidance of doubt, the Series A Preferred Stock shall not constitute "Indebtedness" for purposes of this definition.

"Indemnified Taxes" means as to any Person, any Tax, except (i) a Tax imposed on or measured by the income or profits of such Person or any franchise tax, or any similar taxes, and (ii) any interest, fees or penalties for late payment thereof imposed on such Person.

"Intellectual Property" has the meaning ascribed thereto in Section 4.16.

"Interest Expense" means, for any period, the interest expense of Person, all as determined in accordance with GAAP.

"Interest Payment Date" means (i) with respect to the Term Loan, December 1, 2019 and the first calendar day of each month thereafter until the Term Loan Maturity Date, (ii) with respect to the Delayed Draw Term Loan, if the Bank makes advances during the Delayed Draw Availability Period, the first calendar day of the month following an advance under the Delayed Draw Term Loan and the first calendar day of each month thereafter until the Delayed Draw Term Loan Maturity Date, (iii) with respect to each Revolving Loan, the first day of each month during the Revolving Availability Period, and the Revolving Maturity Date, and (iv) with respect to each Line of Credit Loan, the first day of each month during the Line of Credit Availability Period, and the Line of Credit Maturity Date.

"Interest Rate Change Date" means the date of this Agreement and the first (1st) calendar day of each month hereafter, commencing on December 1, 2019. The foregoing definition shall not apply to any interest rate change pursuant to Section 3.1(e).

"Knowledge of the Borrower," "Borrower's Knowledge," or similar terms used in this Agreement mean the actual knowledge of Scott M. Shaw, Brian K. Myers, Stephen M. Buchenot, Alexandra M. Luster, Stephen Ace, Ami D. Bhandari, Vale rian J. Thomas, Francis Giglio, and Rajat Shah as of the date of this Agreement and at any other time at which a representation or warranty is made or deemed made hereunder, in each case, after due inquiry of the direct reports of such individuals.

"Late Fee" has the meaning ascribed thereto in Section 3.2.

"Law(s)" means any U.S. or non-U.S. federal, national, supranational, state, provincial, local or similar statute, law, ordinance, regulation, rule, code, order, requirement or rule of Law (including common law) and includes any Governmental Order.

"Letter of Credit" shall mean each standby letter of credit issued by the Bank for the account of the Borrower.

"Liabilities" means, collectively, all Indebtedness, obligations, liabilities and commitments of any nature, whether known or unknown, express or implied, primary or secondary, direct or indirect, liquidated, absolute, accrued, contingent or otherwise and whether due or to become due.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit or preferential arrangement, encumbrance, lien (statutory or other), or other security agreement or security interest of any kind or nature whatsoever, including, without limitation, any conditional sale or other title retention agreement and the interest of a lessor under a Capital Lease having substantially the same economic effect as any of the foregoing.

"Line of Credit Amount" means a maximum principal amount of $15,000,000.

"Line of Credit Availability Period" means the period from and including the Effective Date to, but excluding, the Line of Credit Maturity Date.

"Line of Credit Loan(s)" has the meaning ascribed thereto in Section 2.1(e) hereof.

"Line of Credit Maturity Date" means January 31, 2021, or such earlier date upon which the Line of Credit Loan shall terminate.

"Line of Credit Note" means the promissory note of the Borrower dated as of the date hereof evidencing the Line of Credit Loans payable to the order of the Bank or other promissory note in form acceptable to the Bank and the Borrower.

"Loan(s)" means collectively, the Term Loan, the Delayed Draw Term Loan, the Revolving Loans and the Line of Credit Loans, and individually, any one of them.

"Loan Documents" means this Agreement, the Notes, Security Documents, Swap Agreements and all other agreements, instruments and documents executed or delivered in connection herewith.

"Loan Party(ies)" means collectively, the Borrower and any Person who, after the date hereof, becomes a guarantor or obligor of the Loans, and individually, any one of them.

"London Business Day" means any day on which commercial banks in London, England are open for general business.

"Managing Person" means, with respect to any Person that is (i) a corporation, its board of directors, (ii) a limited liability company, its board of managers, managing member or members, (iii) a limited partnership, its general partner, (iv) a general partnership or a limited liability partnership, its managing partner or executive committee or (v) any other Person, the managing body thereof or other Person analogous to the foregoing.

"Margin Stock" has the meaning assigned to such term in Regulation U.

"Master Agreement" means any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement governing a Swap Transaction.

"Material Adverse Change" means any event, development or circumstance that has had or reasonably could be expected to have a Material Adverse Effect.

"Material Adverse Effect" means a material adverse effect on (i) the business, assets, operations or condition (financial or otherwise), of the Borrower, taken as a whole, (ii) the ability of the Borrower to perform any of its material obligations under any Loan Document or (iii) the ability of the Bank to enforce the Obligations or to realize the intended benefits of the Security Documents.

"Material Indebtedness" means Indebtedness (other than Indebtedness under the Loan Documents), including, without limitation, obligations in respect of one or more Swap Agreements, of the Borrower, whether arising pursuant to one or more instruments or agreements, in an aggregate principal amount exceeding $1,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of the Borrower in respect of any Swap Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Borrower would be required to pay if such Swap Agreement were terminated at such time. Material Indebtedness shall include all obligations owing by the Borrower in connection with the Preferred Stock Transaction and/or under the Preferred Stock Transaction Documents.

"Moody's" means Moody's Investors Service, Inc.

"Mortgages" means, collectively (i) Open-End Mortgage Deed, Security Agreement, Financing Statement and Fixture Filing, by NN Acquisition, LLC in favor of the Bank, for the parcel located in the State of Connecticut, (ii) Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, by Lincoln Technical Institute, Inc. in favor of the Bank, for the property located in the State of Texas (iii) Deed of Trust and Security Agreement, by LTI Holdings, LLC. in favor of the Bank, for the property located in the State of Colorado, and (iv) Deed of Trust and Security Agreement, by Nashville Acquisition, L.L.C. in favor of the Bank, for the property located in the State of Tennessee, each dated of even date herewith and as each of the same may be amended, restated, modified or supplemented from time to time.

"Mortgaged Property" has the meaning ascribed thereto in the Mortgages.

"Multiemployer Plan" means a multiemployer plan as defined in section 4001(a)(3) of ERISA.

"NASDAQ" means The Nasdaq Global Select Market.

"Net Income" means, for any period, the net income (exclusive of extraordinary gains and inclusive of extraordinary losses) of a Person for such period, all as determined in accordance with GAAP.

"Net Loss" means for any period, the net loss determined on a consolidated basis for Borrower and Subsidiaries in accordance with GAAP.

"Non Qualifying Party" means the Borrower or any other Loan Party that fails to qualify for any reason on the appropriate Eligibility Date as an Eligible Contract Participant.

"Note(s)" means, collectively, the Term Note, the Delayed Draw Term Note, the Revolving Note and the Line of Credit Note, and individually, any one of them.

"Obligations" means (i) the due and punctual payment of (A) principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (B) all obligations, contingent, direct, indirect or otherwise relating to the Letters of Credit, including all draws upon, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Letters of Credit, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise and (C) all other monetary obligations, including fees, commissions, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Borrower to the Bank, or that are otherwise payable to the Bank, under this Agreement and the other Loan Documents, (ii) the due and punctual performance of all covenants, agreements, obligations and liabilities of the Borrower under or pursuant to this Agreement and the other Loan Documents, (iii) all obligations of the Borrower, monetary or otherwise, under each Swap Agreement (but excluding Excluded Swap Obligations) entered into with the Bank (or an Affiliate thereof) as a counterparty, and (iv) all Banking Services Obligations.

"OFAC has the meaning ascribed thereto in Section 4.20.

"One Month LIBOR Rate" means, as of any date of determination, a rate of interest per annum equal to the one month London Interbank Offered Rate of interest ("LIBOR") for U.S. dollar loans in effect two (2) London Business Days prior to such date, as reported in (a) the appropriate display page of the website of Bloomberg or (b) if not so reported therein, then as determined by the Bank, in its sole discretion, and in a commercially reasonable manner, another recognized source or interbank quotation (plus or minus any applicable spread). If such rate is no longer available for any reason, the Bank will, in its sole discretion and good faith judgment, and in a commercially reasonable manner, choose a new rate which is based upon comparable information (plus or minus any applicable spread). If the Bank determines there is an industry accepted substitute rate (plus or minus any applicable spread), then the Bank shall use such substitute rate (plus or minus any applicable spread). The Bank will give the Borrower notice of this choice upon the Borrower's request. Notwithstanding the foregoing, if at any time the One Month LIBOR Rate (or said substitute rate) as determined above is less than twenty-five (25) basis points, it shall be deemed to be twenty-five (25) basis points for purposes of this Agreement.

"One Month LIBOR Rate (Swap)" means, as of any date of determination, a rate of interest per annum equal to LIBOR for U.S. dollar deposits, as published by the ICE Benchmark Administration or any successor entity, for an interest period of one (1) month, on the day that is two London Business Days preceding each Interest Rate Change Date. If such rate becomes unavailable for any reason, the Bank shall, at its sole discretion and good faith judgment, and in a commercially reasonable manner, designate a substitute rate (plus or minus any applicable spread), that is the substantial economic equivalent of the One Month LIBOR Rate (Swap), provided that if the Bank determines there is an industry accepted substitute rate (plus or minus any applicable spread) that is the substantial economic equivalent of the One Month LIBOR Rate (Swap), then the Bank shall use such substitute rate (plus or minus any applicable spread). The Bank will give the Borrower notice of the current substitute rate upon the Borrower's request. Notwithstanding the foregoing, if at any time the One Month LIBOR Rate (Swap) (or said substitute rate) as determined above is less than zero, it shall be deemed to be zero for purposes of this Agreement.

"Organizational Documents" means as to any Person which is (i) a corporation, the certificate or articles of incorporation and by-laws of such Person, (ii) a limited liability company, the certificate of formation or articles of organization and the limited liability company agreement or operating agreement or other similar agreement of such Person, (iii) a partnership, the partnership agreement or similar agreement of such Person, or (iv) any other form of entity or organization, the organizational documents analogous to the foregoing.

"Other Taxes" means any and all current or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery, registration or enforcement of, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, the Loan Documents or otherwise with respect to, the Loan Documents.

"Parent" has the meaning ascribed thereto in the preamble to this Agreement.

"Participant" has the meaning ascribed thereto in Section 9.6(c).

"PBGC" means the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA, or any Governmental Authority succeeding to the functions thereof.

"Pension Plan" means at any date of determination, any Employee Benefit Plan (including a multiemployer plan as defined in section 4001(a)(3) of ERISA), the funding requirements of which (under section 302 of ERISA or section 412 of the Code) are, or at any time within the six years immediately preceding such date, were in whole or in part, the responsibility of the Borrowers or any ERISA Affiliate.

"Permitted Encumbrances" means:

(i) Liens imposed by law for Taxes that are not yet due or are being contested in compliance with Section 6.4;

(ii) landlords', carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than ninety (90) days or are being contested in compliance with Section 6.4;

(iii) pledges and deposits made in the ordinary course of business (A) in compliance with workers' compensation, unemployment insurance and other social security laws or regulations, (B) to secure the performance of bids, tenders, leases (other than Capital Leases), sales or other trade contracts not in connection with the borrowing of money or (C) made in lieu of, or to secure the performance of, surety, customs, reclamation or performance bonds (in each case not related to judgments or litigation);

(iv) attachment or judgment liens in respect of judgments, writs or warrants of attachment or similar process that do not constitute an Event of Default under clause (l) of Section 8.1;

(v) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower; and

(vi) any interest or title of a lessor under any operating lease or a licensor under a non-exclusive license agreement.

"Permitted Investments" means:

(i) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent that such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof;

(ii) investments in commercial paper maturing within two hundred seventy (270) days from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from S&P, or any successor thereto, or from Moody's or any successor thereto;

(iii) investments in certificates of deposit, banker's acceptances and time deposits maturing within 180 days from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof that has a combined capital and surplus and undivided profits of not less than $500,000,000;

(iv) advances made in connection with purchases of goods or services in the ordinary course of business;

(v) investments received in settlement of amounts due to the Borrower or any Subsidiary effected in the ordinary course of business or owing to the Borrower or any Subsidiary as a result of insolvency proceedings involving an account debtor or upon the foreclosure or enforcement of any Lien in favor of the Borrower or any Subsidiary;

(vi) deposits of cash made in the ordinary course of business to secure performance of operating leases;

(vii) extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit on customary terms in the ordinary course of business; and

(viii) investments in the form of capital contributions and the acquisition of Capital Stock made by any Borrower in any other Borrower or Subsidiary.

"Permitted Preferred Stock" means (i) any Preferred Stock that by its terms is (A) mandatorily redeemable or subject to any other payment obligation (including any obligation to pay dividends, other than dividends of shares of Preferred Stock of the same class and series payable in kind or dividends of shares of common stock) on a date that is not earlier than the date all Loans are indefeasibly paid in full or (B) is redeemable at the option of the holder thereof for cash or assets or securities (other than distributions in kind of shares of Preferred Stock of the same class and series or of shares of common stock) on a date that is not earlier than the date all Loans are indefeasibly paid in full and (ii) the Series A Preferred Stock.

"Person" means any individual, firm, partnership, limited liability company, joint venture, corporation, association, business enterprise, joint stock company, unincorporated association, trust, Governmental Authority or any other entity, whether acting in an individual, fiduciary, or other capacity.

"Phase II Audits" has the meaning ascribed thereto in Section 4.15(b).

"Plan" means, at a particular time, any employee benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or section 412 of the Code or section 302 of ERISA, and in respect of which the Borrower, any Subsidiary or any ERISA Affiliate is (or, if such plan were terminated, would under section 4069 of ERISA be deemed to be) an "employer" as defined in section 3(5) of ERISA.

"Pledge Agreement" means the Pledge Agreement, dated as of the Effective Date, in form and substance reasonably satisfactory to the Bank, as amended, restated, supplemented or otherwise modified from time to time.

"Preferred Stock" means, as applied to the Capital Stock of any Person, the Capital Stock of any class or classes (however designated) that is preferred with respect to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person including, without limitation, the Series A Preferred Stock.

"Preferred Stock Agreement" means the Securities Purchase Agreement, dated as of the Effective Date, among the Parent and the Holders pursuant to which (approximately simultaneously with the effectiveness of this Agreement), the Parent will issue to the Holders, and the Holders will purchase and acquire from the Parent, the Series A Preferred Stock in the minimum amount of $10,000,000.

"Preferred Stock Transaction Documents" means the Preferred Stock Agreement, the Series A Certificate of Amendment, the Series A Registration Rights Agreement and other Related Documents (as such term is defined in the Preferred Stock Agreement) by or among the Parent, the Holders and any of their respective Affiliates entered into to give effect to the Preferred Stock Transaction.

"Preferred Stock Transaction" means the transactions contemplated by the Preferred Stock Transaction Documents, which are closing approximately simultaneously with the effectiveness of this Agreement.

"Prime Rate" means the floating rate of interest per annum established from time to time by the Bank as its prime lending rate for commercial loans. Each change in the Prime Rate shall result in a corresponding change in the rate being charged hereunder on the effective date of such change in the Prime Rate. The Prime Rate is a reference rate that does not necessarily represent the lowest or best rate actually charged to any customer. The Bank may make commercial loans or other loans at rates of interest at, above or below such Prime Rate.

"Private Educational Loan" means any loan provided by a lender that is not made, insured, or guaranteed under Title IV and is issued expressly for postsecondary educational expenses.

"Property" means all types of real, personal, tangible, intangible or mixed property.

"Qualified ECP Loan Party" means the Borrower and any other Loan Party that on the Eligibility Date is (a) a corporation, partnership, proprietorship, organization, trust or other entity other than a "commodity pool" as defined in Section 1(a)10 of the CEA and CFTC regulations thereunder that has total assets exceeding $10,000,000.00 or (b) an Eligible Contract Participant that can cause another party to qualify as an Eligible Contract Participant on the Eligibility Date under Section 1(a)(18)(A)(v)(II) of the CEA by entering into or otherwise providing a "letter of credit" or keepwell, support or other agreement for purposes of Section 1(a)(18)(A)(v)(II) of the CEA.

"Regulation T" means Regulation T of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Regulation U" means Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Regulation X" means Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Remediation Completion" has the meaning ascribed thereto in Section 4.15(c).

"Required Balance" has the meaning ascribed thereto in Section 6.16.

"Required Level" has the meaning ascribed thereto in Section 7.18(c).

"Restricted Payment" means, (i) any dividend, distribution or other payment on account of the Capital Stock issued by the Parent or to the holders of the Capital Stock of the Parent in their capacity as such shareholders (other than dividends or distributions payable in Capital Stock issued by the Parent, and other than dividends on the Series A Preferred Stock paid in accordance with Section 7.9) or (ii) any payment, including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Capital Stock issued by the Parent.

"Revolving Availability Period" means the period from and including the Effective Date to, but excluding, the Revolving Maturity Date.

"Revolving Loan(s)" has the meaning ascribed thereto in Section 2.1(c).

"Revolving Loan Amount" means a maximum principal amount of $15,000,000 (inclusive of the sublimit available for the issuance of Letters of Credit of up to $10,000,000).

"Revolving Note" means the promissory note of the Borrower dated as of the date hereof evidencing the Revolving Loans and/or the Letters of Credit payable to the order of the Bank or other promissory note in form acceptable to the Bank and the Borrower.

"Revolving Maturity Date" means November 14, 2022, or such earlier date upon which the Revolving Loan shall terminate.

"Sale and Leaseback Transaction" means any transaction or series of related transactions pursuant to which a Person sells or transfers any Property in connection with the leasing, or the resale against installment payments, of such Property to the seller or transferor.

"S&P" means Standard & Poor's Ratings Group, Inc.

"School" means a postsecondary institution of higher education consisting of a main campus and, if applicable, any additional locations, campuses or branches thereof operated by the Borrower or any of its Subsidiaries identified by an Office of Postsecondary Education Identification number issued by the DOE or approved by any Educational Agency.

"SEC" has the meaning ascribed thereto in Section 6.1(f).

"SEC Documents" means collectively, any report, schedule, form, statement, registration statement, prospectus or other document of the Borrower (including exhibits and schedules thereto (including those incorporated by reference and publicly available)) filed with, or furnished to, the SEC and publicly available on or after December 31, 2016, and before the date hereof.

"Series A Certificate of Amendment" means the Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Parent dated as of the Effective Date and filed with the New Jersey Department of Treasury approximately simultaneously with or prior to the effectiveness of this Agreement.

"Series A Preferred Stock" means the Series A Convertible Preferred Stock, no par value per share, of the Parent described in the Series A Certificate of Amendment issued to the Holders pursuant to the Preferred Stock Agreement approximately simultaneously with the effectiveness of this Agreement.

"Security Agreement" means the Security Agreement, dated as of the Effective Date, in form and substance satisfactory to the Bank, as amended, restated, supplemented or otherwise modified from time to time.

"Security Documents" means the Security Agreement, the Pledge Agreement, the Mortgages and each other security agreement, instrument or other document executed or delivered pursuant to Section 5.1, 6.14 or 6.15 to secure any of the Obligations.

"Solvent" shall mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that would reasonably be expected to become an actual or matured liability.

"Stated Amount" means, with respect to any Letter of Credit, the maximum Dollar amount available to be drawn under such Letter of Credit under any circumstance, including any amount that has been the subject of a drawing by the Beneficiary but has not yet been paid by the Bank.

"Subordinated Indebtedness" means Indebtedness of the Borrower that is fully subordinated to the Bank pursuant to a written subordination agreement acceptable to the Bank.

"Subsidiary(ies)" means individually, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held by the parent or one or more subsidiaries of the parent, and collectively, all of them. Unless the context otherwise requires, "Subsidiary" means any Subsidiary of the Borrower and "Subsidiaries" means all of them.

"Swap Agreement" means any agreement, document, or instrument, including, without limitation, any Master Agreement or related confirmation, entered into by any party(ies) in connection with a Swap Transaction.

"Swap Obligation" means any obligation, liability, or indebtedness of the Borrower to the Bank arising in connection with a Swap Transaction, including, without limitation, any fee, charge, or liabilities in connection with the early termination, adjustment, or settlement of any Swap Transaction.

"Swap Transaction" shall mean any of the following entered into between the Bank and the Borrower or between any counterparty and the Bank for, or on behalf of, the Borrower: (i) interest rate swap transaction, basis swap, forward rate transaction, commodity swap, forward commodity contract, commodity option, equity or equity index swap, equity or equity index option, bond or bond price or bond index swap or option, forward bond index transaction, interest rate option or swaption, foreign exchange transaction, interest rate cap transaction, interest rate floor transaction, interest rate collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, spot contract, any similar transaction, or any other arrangement designed to alter the risks arising from fluctuation in currency values or interest rates, or any combination of any of the foregoing (including, without limitation, any option to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any Master Agreement; and (ii) any transaction of any kind, or any related confirmation, which is subject to, or governed by, any Master Agreement.

"Tax(es)" means any and all current and future federal, state, local or foreign income, gross receipts, property, sales, use, license, excise, franchise, employment, payroll, withholding, alternative or add-on minimum, ad valorem, transfer or excise tax, or any other tax, custom, duty, governmental fee or other like assessment or charge of any kind whatsoever, including any interest, addition or penalty, imposed by any Governmental Authority.

"Term Loan" has the meaning ascribed thereto in Section 2.1(a).

"Term Loan Maturity Date" means December 1, 2024.

"Term Note" means the promissory note of the Borrower dated as of the date hereof evidencing the Term Loan payable to the order of the Bank or other promissory note in form acceptable to the Bank and the Borrower.

"Title IV" shall mean Chapter 28, Subchapter IV of the Higher Education Act of 1965, as amended (20 U.S.C.A. §§ 1070et seq.), and any amendments or successor statutes thereto.

"Title IV Program" means the federal student financial assistance programs authorized by Title IV or any successor regulation.

"Transactions" means (i) the execution, delivery and performance by the Borrower of each Loan Document to which it is a party and (ii) the use of the proceeds of the Loans.

"Unused Loan Fee" has the meaning ascribed thereto in Section 3.3.

"USA Patriot Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), as amended.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

Section 1.2 Accounting Terms; GAAP

Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time, provided that, if a Borrower notifies the Bank that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Bank notifies the Borrower that the Bank requires an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Unless the context otherwise requires, any reference to a fiscal period shall refer to the relevant fiscal period of the Borrower

Section 1.3 Principles of Construction.

The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise, (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified, (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

2. AMOUNT AND TERMS OF LOANS.

Section 2.1 Loans.

(a) Term Loan. Subject to the terms and conditions hereof, the Bank agrees to make a $20,000,000 term loan (the "Term Loan") in a single advance to the Borrower on the Effective Date. The Borrower may prepay the Term Loan pursuant to Section 2.6(b). Once repaid, the Term Loan may not be reborrowed.

(b) Delayed Draw Term Loan. Subject to the terms and conditions hereof, the Bank agrees to make a $10,000,000 delayed draw term loan (the "Delayed Draw Term Loan") available to the Borrower commencing on the Effective Date and ending on the last day of the Delayed Draw Availability Period. Advances under the Delayed Draw Term Loan will be available in $5,000,000 increments. Any amounts not borrowed during the Delayed Draw Availability Period will not be available to the Borrower. The Borrower may prepay the Delayed Draw Term Loan pursuant to Section 2.6(b). Once repaid, the Delayed Draw Term Loan may not be reborrowed.

(c) Revolving Loan. Subject to the terms and conditions hereof, the Bank may make advances of revolving loans (each such advance being referred to herein as a "Revolving Loan" and, collectively, the "Revolving Loans") to the Borrower from time to time during the Revolving Availability Period in an aggregate principal amount at any one time outstanding which does not exceed the Revolving Loan Amount with a sublimit amount of $10,000,000 for the issuance of Letters of Credit as required by the Borrower to support its normal business operations. During the Revolving Availability Period, within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, repay pursuant to Section 2.6(a) and reborrow under this Section 2.1(c) with respect to Revolving Loans.

(d) Letters of Credit under Revolving Loan. During the Revolving Loan Availability Period, the Bank agrees from time to time to issue or cause an Affiliate to issue Letters of Credit; provided, however, that (i) the Stated Amount at any time of all outstanding Letters of Credit shall not at any time exceed $10,000,000, (ii) drawings under any Letters of Credit not immediately repaid shall be deemed to be an advance of Revolving Loans and (iii) at no time shall the Stated Amount of all outstanding Letters of Credit plus advances of Revolving Loans exceed $15,000,000. All outstanding Letters of Credit heretofore made available by the Bank to the Borrower (under an existing line of credit from the Bank to the Borrower, which is being refinanced hereunder) are detailed on Schedule 2.1(d) and are hereby deemed, as of the Effective Date, to be issued and outstanding under the Revolving Loan. The form and substance of each Letter of Credit shall be subject to the approval of the Bank, in its sole discretion. Each Letter of Credit shall be issued for a term not to exceed three hundred sixty-five (365) days, as designated by the Borrower; provided, however, that no Letter of Credit shall have an expiration date more than three hundred sixty-five (365) days beyond the Revolving Maturity Date (in such event, however, any such Letter of Credit with a maturity beyond the Revolving Maturity Date shall be fully cash collateralized). Letters of Credit may include, at the Bank's discretion, a provision providing that its expiry date will automatically be extended each year for an additional one year period unless the Bank delivers notice to the contrary. Each Letter of Credit shall be subject to the additional terms and conditions of the Letter of Credit agreements, applications, and any related documents required by the Bank in connection with the issuance of Letters of Credit.

(e) Line of Credit Loan. Subject to the terms and conditions hereof, the Bank may make advances under a line of credit loan (each such advance being referred to herein as a "Line of Credit Loan" and, collectively, the "Line of Credit Loans") to the Borrower from time to time during the Line of Credit Availability Period in an aggregate principal amount at any one time outstanding which does not exceed the Line of Credit Amount.

(f) Cash Collateral Account. Throughout the term of the Line of Credit Loan and while any Line of Credit Loans are outstanding, the Borrower shall maintain a non-interest bearing blocked account with the Bank (the "Cash Collateral Account"). The minimum amount of monies on deposit in the Cash Collateral Account shall at all times be no less than an amount equal to 100% of the aggregate of all Line of Credit Loans outstanding under the Line of Credit Loan. Upon the Bank making any Line of Credit Loan, the Bank shall deposit such Line of Credit Loan into the Cash Collateral Account so that the requirements set forth in the previous sentence are satisfied. Pursuant to the Pledge Agreement, the Borrower has granted, and does hereby grant, to the Bank as security for the Obligations, a first and only lien on and security interest in and to the Cash Collateral Account and all monies deposited therein and all proceeds thereof. Upon the occurrence of an Event of Default, in addition to all other remedies set forth in the Loan Documents, the Bank shall be entitled to apply the funds on deposit in the Cash Collateral Account to the Obligations, in such order of application as the Bank may in its sole discretion elect.

Section 2.2 Procedures for Borrowing.

(a) Delayed Draw Term Loan, Revolving Loans and Line of Credit Loans.

(i) The Borrower shall give the Bank notice of its intention to borrow under the Delayed Draw Term Loan or any Revolving Loans and Line of Credit Loans under this Agreement not later than 12:00 p.m. (New York time) on the requested Borrowing Date, specifying: (i) the date of such borrowing, (ii) the Loan under which such borrowing shall be made, (iii) the amount of such borrowing and (iv) with respect to the Delayed Draw Term Loan, a Compliance Certificate demonstrating that the Borrower will remain in compliance with the financial covenants set forth in Section 7.18 hereof after such Loan is made under the Delayed Draw Term Loan. All notices given under this Section 2.2(a)(i) shall be irrevocable.

(ii) Not later than 3:00 p.m. (New York time) on the date of an advance under the Delayed Draw Term Loan or any Revolving Loan and Line of Credit Loan, as the case may be, subject to the fulfillment of the applicable conditions set forth in Section 5.1 and Section 5.2, the proceeds of each such Loan requested by the Borrower will be made available in immediately available funds from the respective Loan by crediting the amount thereof to an account of the Borrower as designated to the Bank by the Borrower.

(iii) At the time an advance is made under the Delayed Draw Term Loan, such advance shall be in the amount of $5,000,000. At the time that each Revolving Loan and Line of Credit Loan is made, such Loan shall be in an aggregate amount that is equal to $100,000 or an integral multiple thereof, provided that a borrowing of such a Loan may be in an aggregate amount that is equal to the entire unused balance of the respective Loan.

(iv) As an accommodation to the Borrower, the Bank may permit telephone requests for Revolving Loans and Line of Credit Loans and electronic transmittal of instructions, authorizations, agreements or reports to the Bank by the Borrower. Unless the Borrower specifically directs the Bank in writing not to accept or act upon telephonic or electronic communications from the Borrower, the Bank shall have no liability to the Borrower for any loss or damage suffered by the Borrower as result of the Bank's honoring of any requests, execution of any instructions, authorizations or agreements or reliance on any reports communicated to it telephonically or electronically and purporting to have been sent to the Bank by the Borrower and the Bank shall have no duty to verify the origin of any such communications or the authority of the Person sending it.

(b) Letters of Credit.

(i) The Borrower may from time to time during the Revolving Availability Period request, upon at least five (5) Business Days' notice given not later than 12:00 P.M. (New York time), that the Bank issue a Letter of Credit under the Revolving Loan by delivering to the Bank (i) a Letter of Credit application specifying the date on which such Letter of Credit is to be issued (which shall be a Business Day), the expiration date thereof, the Stated Amount thereof and the name and address of the Beneficiary thereof; and (ii) such other information and documents as the Bank reasonably requires in accordance with its customary practices for the issuance of Letters of Credit.

(ii) The Bank shall, subject to the conditions set forth in this Agreement, issue the Letter of Credit on or before five (5) Business Days following receipt of the documents last due pursuant to Section 2.2(b)(i). Each Letter of Credit shall be in form and substance satisfactory to the Bank in its reasonable discretion. Upon the issuance of a Letter of Credit, the Bank shall (A) deliver the original of such Letter of Credit to the Beneficiary thereof or as the Borrower shall otherwise direct and (B) furnish a copy thereof to the Borrower.

(iii) The Borrower may from time to time during the Revolving Availability Period request, upon at least three (3) Business Days' notice given not later than 12:00 P.M. (New York time), that the Bank extend the expiration date of an outstanding Letter of Credit or increase (or, with the consent of the Beneficiary, decrease) the Stated Amount of an outstanding Letter of Credit by delivering to the Bank a written request therefor. Any request for an extension or increase or decrease shall for all purposes hereof be treated as though the Borrower had requested the issuance of a replacement Letter of Credit (except that the Bank may, if it elects, issue a notice of extension or increase or decrease in lieu of issuing a new Letter of Credit in substitution for an outstanding Letter of Credit).

(iv) If any Letter of Credit provides for the automatic extension of the expiry date thereof unless the Bank gives notice that such expiry date shall not be extended, then the Bank shall allow such Letter of Credit to be extended; provided that the Bank may give a notice of non-extension with respect to such a Letter of Credit if, at the time of the giving of such notice, the conditions precedent to the issuance of a replacement for such Letter of Credit are not satisfied and, if the Bank gives such a notice, the Bank will concurrently provide a copy thereof to the Borrower. The Bank shall give a notice of non-extension with respect to such a Letter of Credit if the Bank receives, at least ten (10) Business Days prior to the date on which such notice of non-extension must be delivered under such Letter of Credit (or such shorter period as may acceptable to the Bank), notice from the Borrower directing the Bank not to permit the extension of such Letter of Credit.

Section 2.3 Notes.

The Term Loan shall be evidenced by the Term Note. Advances under the Delayed Draw Term Loan shall be evidenced by the Delayed Draw Term Note. Advances under the Revolving Loan shall be evidenced by the Revolving Note. Advances under the Line of Credit Loan shall be evidenced by the Line of Credit Note. The Borrower agrees that, absent manifest error, the records of the Bank will be conclusive with respect to the Loans, including the amounts borrowed, the amounts repaid, the outstanding principal balance and all interest payments.

Section 2.4 Termination and Reduction of Revolving Loan and Line of Credit Loan.

(a) Unless previously terminated, the Revolving Loan shall terminate on the Revolving Maturity Date and the Line of Credit Loan shall terminate on the Line of Credit Maturity Date.

(b) The Borrower shall have the right, upon at least three (3) Business Days' notice to the Bank, to terminate in whole the Revolving Loan or the Line of Credit Loan or reduce the Revolving Loan Amount or the Line of Credit Amount, provided that the Borrower shall not terminate the Revolving Loan or the Line of Credit Loan or reduce the Revolving Loan Amount or the Line of Credit Amount if, after giving effect to any concurrent reduction of the principal amount of the Revolving Loans or Line of Credit Loans in accordance with Section 2.6, the outstanding principal balance of the Revolving Loan would exceed the Revolving Loan Amount (it being understood that the aggregate Stated Amount of all outstanding Letters of Credit would be included for purposes of the foregoing) or the outstanding principal balance of the Line of Credit Loan would exceed the Line of Credit Amount. Each reduction of the Revolving Loan Amount and the Line of Credit Amount shall be in an amount of not less than $100,000 or an integral multiple of $100,000 in excess thereof. The Revolving Loan and the Line of Credit Loan, once reduced or terminated, may not be reinstated.

Section 2.5 Repayments of the Loans.

(a) Repayment of the Revolving Loans. The Borrower hereby unconditionally promises to pay to the order of the Bank the then unpaid principal amount of each Revolving Loan on the Revolving Maturity Date.

(b) Repayment of the Line of Credit Loans. The Borrower hereby unconditionally promises to pay to the order of the Bank the then unpaid principal amount of each Line of Credit Loan on the Line of Credit Maturity Date.

(c) Repayment of the Term Loan. The Borrower shall repay the principal amount of the Term Loan to the Bank commencing on December 1, 2019, and continuing on the first (1st) day of each month thereafter through and including November 1, 2024 in the amount of $166,666.67, plus all accrued interest. The outstanding principal amount of the Term Loan, together with all accrued unpaid interest thereon shall be paid in full on the Term Loan Maturity Date.

(d) Repayment of the Delayed Draw Term Loan.

(i) Interest Only. If the Bank makes advances under the Delayed Draw Term Loan during the Delayed Draw Availability Period, the Borrower shall pay interest only on the outstanding principal amount of the Delayed Draw Term Loan in accordance with Section 3.1A.(b), commencing on December 1, 2019, and continuing on the first (1st) day of each month thereafter through and including May 1, 2021.

(ii) Principal and Interest. Commencing June 1, 2021, and continuing on the first (1st) day of each month thereafter through and including November 1, 2024, the Borrower shall pay monthly installments of principal and interest in an amount that would be sufficient to amortize the unpaid principal balance of the Delayed Draw Term Loan over one hundred twenty (120) months on a straight line amortization basis. The result of this calculation will be the new amount of the Borrower's monthly payment beginning on June 1, 2021. The outstanding principal amount of the Delayed Draw Term Loan, together with all accrued unpaid interest thereon shall be paid in full on the Delayed Draw Term Loan Maturity Date.

Section 2.6 Principal Reductions; Prepayments.

(a) Principal Reductions on Revolving and Line of Credit Loans

(i) The Borrower may, at its option, upon at least one (1) Business Day's notice to the Bank, make payment on the Revolving Loans or Line of Credit Loans in full or in part, without premium or penalty. Each partial payment shall be in a principal amount of not less than $100,000 or an integral multiple of $100,000 in excess thereof. Each notice hereunder shall be irrevocable and the principal amount of the Revolving Loans or the Line of Credit Loans shall be due and payable on the date specified.

(ii) Simultaneously with each reduction of the Revolving Loan Amount under Section 2.4(b), the Borrower shall pay the outstanding Revolving Loans by the amount, if any, by which the outstanding principal balance of Revolving Loans exceeds the Revolving Loan Amount as so reduced. If as of any date the outstanding principal balance of Revolving Loans shall exceed the Revolving Loan Amount on such date, then in such event the Borrower shall immediately pay the Revolving Loans by an amount necessary to eliminate any such excess.

(iii) Simultaneously with each reduction of the Line of Credit Amount under Section 2.4(b), the Borrower shall pay the outstanding Line of Credit Loans by the amount, if any, by which the outstanding principal balance of Line of Credit Loans exceeds the Line of Credit Amount as so reduced. If as of any date the outstanding principal balance of Line of Credit Loans shall exceed the Line of Credit Amount on such date, then in such event the Borrower shall immediately pay the Line of Credit Loans by an amount necessary to eliminate any such excess.

(b) Prepayments on Term Loans.

The Borrower may, at its option, upon at least thirty (30) days' notice to the Bank, prepay the Term Loan and/or the Delayed Draw Term Loan, as the case may be, in full or in part, without premium or penalty, except payment of any amounts payable pursuant to Section 3.4 and any amounts payable for termination of the Swap Agreements. Each partial prepayment shall be in a principal amount of not less than $100,000 or an integral multiple of $100,000 in excess thereof. Each notice hereunder shall be irrevocable and the principal amount of the Term Loan and/or the Delayed Draw Term Loan, as the case may be, shall be due and payable on the date specified, together with accrued interest to the date of such payment and all accrued and unpaid fees.

Section 2.7 Payments.

(a) The Borrower shall make each payment required to be made by it hereunder or under any other Loan Document to which it is a party (whether of principal of Loans, interest or fees, or otherwise) prior to 3:00 p.m., New York time, on the date when due, in immediately available funds, without setoff or counterclaim. Any amounts received after such time on any date may, in the discretion of the Bank, be deemed to have been received on such date; otherwise, any such amount will be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Bank at its office at 61 South Paramus Road, Paramus, New Jersey 07652, or such other office as to which the Bank may notify the Borrower. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day. All payments hereunder shall be made in Dollars. Without limiting the foregoing, the Borrower hereby authorizes the Bank to charge the account described in Section 6.17 for each such payment on the due date therefor. Notwithstanding any other provisions in this Agreement or any other Loan Document, if the Borrower fails to maintain such account at the Bank, then all applicable rates of interest set forth in this Agreement are increased by one and one-half percent (1.50%), provided, however, such an increase does not limit or restrict any other rights or remedies available to the Bank under this Agreement due to such failure by the Borrower to maintain such account with the Bank.

(b) So long as no Default or Event of Default shall have occurred and be continuing, if at any time insufficient funds are received by and available to the Bank to pay fully all amounts of principal of the Loans, interest and fees, if any, then due hereunder, such funds shall be applied first, to the payment of all fees and expenses due from the Borrower to the Bank, other than late fees; (ii) second, to the payment of accrued and unpaid interest, ratably in proportion to the interest accrued as to each Loan including outstanding draws on any Letter of Credit (which are deemed to be advances under the Revolving Loan); (iii) third, to the payment of principal on the Loans then due hereunder, ratably to the aggregate, combined principal balance of the Loans and outstanding draws on any Letter of Credit then due hereunder, and (iv) fourth, to the payment of all late fees due from the Borrower to the Bank.

Section 2.8 Swap Transactions.

(a) Term Loan. At the closing of the Term Loan, the Borrower shall enter into and maintain a Swap Transaction for 100% of the principal balance of the Term Loan. The maturity date of the Swap Transaction shall be the same as the Term Loan Maturity Date. Prior to entering into any Swap Transaction, the Borrower shall execute and deliver to the Bank one or more Swap Agreements in form and substance satisfactory to the Bank and the Borrower. The term "Bank" shall include the Bank and any affiliate of the Bank in its capacity as a party to a Swap Transaction. Nothing contained herein shall be construed so as to require the Borrower to enter into any Swap Agreement(s) with the Bank; however, any Swap Agreement executed by the Borrower with any other party (which must be a financial institution acceptable to the Bank) may not be secured by any of the Collateral.

(b) Delayed Draw Term Loan. At the end of the Delayed Draw Availability Period, the Borrower shall enter into and maintain a Swap Transaction for 100% of the principal balance of the Delayed Draw Term Loan. The maturity date of the Swap Transaction shall be the same as the Delayed Draw Term Loan Maturity Date. Prior to entering into any Swap Transaction, the Borrower shall execute and deliver to the Bank one or more Swap Agreements in form and substance satisfactory to the Bank and the Borrower. The term "Bank" shall include the Bank and any affiliate of the Bank in its capacity as a party to a Swap Transaction. Nothing contained herein shall be construed so as to require the Borrower to enter into any Swap Agreement(s) with the Bank; however, any Swap Agreement executed by the Borrower with any other party (which must be a financial institution acceptable to the Bank) may not be secured by any of the Collateral.

(c) All obligations of the Borrower in connection with Swap Transactions entered into with the Bank including, without limitation, all amounts payable for termination of the Swap Agreements and settlement of all Swap Transactions, shall be deemed Obligations and at all times secured by the Security Documents. In no event shall the collateral securing the Obligations be released for so long as the Swap Agreements have not been terminated according to their terms. The Borrower acknowledges and agrees that: (i) certain fees and charges may be due and payable under the Swap Agreement in the event that a Swap Transaction is terminated; (ii) such Swap Agreement may have an effect on the Borrower's payment obligations and amounts due under the Loans; and (iii) the obligations contained in such Swap Agreement may not be separately stated in the Loan Documents. The Borrower shall indemnify and hold the Bank harmless from any and all claims, demands, losses, liabilities, expenses, and obligations now or hereafter incurred by the Bank arising from (i) any claim by any person alleging that the Bank is responsible for any act or omission of the Borrower or any third party in connection with the Swap Transactions; (ii) the Borrower's breach of any Swap Agreement; (iii) the Borrower's violation of any law applicable to the Swap Transactions; and (iv) any fraudulent, wrongful, or negligent act or omission of the Borrower, or any of its employees, agents, independent contractors or customers, in connection with any Swap Transaction. The Borrower further agrees that the foregoing indemnity shall survive termination and expiration of the Revolving Note, the Line of Credit Note and any Swap Agreement. The Bank is expressly authorized to disclose confidential information concerning the Borrower to its Swap Transaction service provider and/or facilitator, as the case may be, as well as prospective counterparties (and/or their respective professional advisors) in connection with any existing or proposed Swap Transaction provided that such disclosure shall be made under customary confidentiality restrictions.

Section 2.9 Annual Clean-Up.

Notwithstanding anything to the contrary in this Agreement, the Borrower agrees that for a period of thirty (30) consecutive days during each twelve (12) calendar month period from November 15 to November 14 of the following year no Revolving Loans will be outstanding and during such period no advances may be made under the Revolving Loan.

3. INTEREST, FEES, YIELD PROTECTIONS, ETC.

Section 3.1 Interest Rate and Payment Dates.

A. Loans

(a) Term Loan. The Borrower shall pay to the Bank interest on the unpaid principal amount of the Term Loan at a rate per annum equal to for the period commencing on the Effective Date to and not including the Term Loan Maturity Date, One Month LIBOR Rate (Swap) plus three hundred fifty basis points (3.50%).

(b) Delayed Draw Term Loan. The Borrower shall pay to the Bank interest on the unpaid principal amount of the Delayed Draw Term Loan at a rate per annum equal to for the period commencing on the Effective Date to and not including the Delayed Draw Term Loan Maturity Date, One Month LIBOR Rate (Swap) plus three hundred fifty basis points (3.50%).

(c) Revolving Loans. The Borrower shall pay to the Bank interest on the unpaid principal amount of each Revolving Loan made by the Bank to the Borrower for the period commencing on the date of such Revolving Loan until such Revolving Loan shall be paid in full, at a rate per annum equal to One Month LIBOR Rate plus the Applicable Margin (as defined below); provided, however, if the Borrower requests a Revolving Loan that will be repaid within 30 days of such borrowing, then such Revolving Loan shall accrue interest at the Prime Rate plus fifty basis points (0.50%) with a floor of four percent (4%); provided, further, however, if such Revolving Loan is not so repaid, then the Borrower shall request a Revolving Loan at the aforesaid One Month LIBOR Rate and use the proceeds thereof to repay in full the Revolving Loan accruing interest at the aforesaid Prime Rate. Any change in the interest rate resulting from a change in the Prime Rate shall be effective as of the opening of business on the day on which such change in the Prime Rate becomes effective.

For purposes hereof, **"Applicable Margin"** shall mean, with respect to amounts bearing interest at the One Month LIBOR Rate, the basis points set forth in the following pricing grid determined by reference to the Funded Debt to Adjusted EBITDA ratio of the Borrower reported on the then most recently received financial statements delivered by the Borrower pursuant to Section 6.1 hereof for the applicable fiscal quarter as reported in said statements. If the Borrower's financial statements demonstrate a Funded Debt to Adjusted EBITDA ratio that supports an adjustment in the Applicable Margin, the Bank will make such adjustment within five (5) Business Days of its receipt of the Borrower's financial statements. If for whatever reason, the Borrower fails to furnish financial statements pursuant to Section 6.1 necessary to calculate any adjustments to the Applicable Margin, then in addition to any other right or remedy the Bank may have as a result of such failure, the Applicable Margin then in effect shall remain unchanged until the Borrower has furnished financial statements pursuant to Sections 6.1(a), (b) and/or (c) hereof demonstrating an adjustment to the Applicable Margin.

Pricing Grid

Level	Funded Debt to Adjusted EBITDA Ratio	Applicable Margin (expressed in basis points)
I	Less than 2.00:1.00	325
II	2.00:1.00 to less than 2.25:1.00	350
III	Equal to or Greater than 2.25:1.00	375

(d) Line of Credit Loans.

(i) The Borrower shall pay to the Bank interest on the unpaid principal amount of each Line of Credit Loan made by the Bank to the Borrower for the period commencing on the date of such Line of Credit Loan until such Line of Credit Loan shall be paid in full, at a rate per annum equal to the Prime Rate plus 0.00%. Any change in the interest rate resulting from a change in the Prime Rate shall be effective as of the opening of business on the day on which such change in the Prime Rate becomes effective.

(e) Notwithstanding the foregoing, if an Event of Default has occurred and is continuing, then, so long as such Event of Default is continuing, the interest rate of the obligation which shall be in effect at the time of the Event of Default, shall be increased by five (5%) percentage points above the interest rate per annum in effect at this time of the Event of Default without the Bank being obligated to give any notice of said increase (the "Default Rate") to the Borrower. The Default Rate shall increase at the rate of one (1%) percentage point per month beginning on the first day of the month following the month in which the Default Rate became effective and on the first day of each month thereafter up to the maximum rate permitted by law, until the Loan is paid in full.

(f) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan, provided that accrued and unpaid interest on past due amounts shall be due and payable upon demand.

(g) All interest hereunder shall be computed on the basis of a year of 360 days, and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

B. Letters of Credit

(a) Upon the issuance, and renewal, if applicable, of each Letter of Credit, the Borrower shall pay a Letter of Credit fee calculated annually at the rate per annum equal to (i) the Applicable Margin determined in accordance with the pricing grid set forth in Section 3.1A.(c) by reference to the Funded Debt to Adjusted EBITDA ratio of the Borrower less (ii) twenty-five (25) basis points on the daily amount available to be drawn under such Letter of Credit. For example, if, at the time of issuance of a Letter of Credit, the Funded Debt to Adjusted EBITDA ratio for the most recent Fiscal Quarter end is less than 2.00:1.00, then the Letter of Credit fee would be three hundred (300) basis points (i.e., three hundred twenty-five (325) basis points less twenty-five (25) basis points). For purposes of computing the daily amount available to be drawn under any Letter of Credit, (i) if such Letter of Credit by its terms or the terms of the Letter of Credit application or any other document related thereto provides for one or more automatic increases in the stated amount thereof, then the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time and (ii) if the stated amount of any Letter of Credit has been permanently reduced, then the stated amount of such Letter of Credit shall be reduced by the amount of such permanent reduction. Such Letter of Credit fees shall be payable annually at the time of issuance and renewal, if applicable, of each Letter of Credit.

(b) The Borrower shall pay the Bank, in U.S. dollars, the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the Bank relating to Letters of Credit as from time to time in effect. Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

(c) In the event that any amount is drawn under a Letter of Credit by the Beneficiary thereof, the Borrower shall immediately pay to the Bank the full amount drawn. If the full amount drawn cannot be paid immediately by the Borrower, interest will accrue at a rate per annum set forth in Section 3.1A.(c) as an advance under the Revolving Loan. In such event, the Borrower agrees that the Bank, it its sole discretion, may debit any account maintained by the Borrower with the Bank for the amount of any such drawing.

(d) Notwithstanding the foregoing, if an Event of Default has occurred and is continuing, then, so long as such Event of Default is continuing, the aggregate amount of all outstanding draws on the Letters of Credit and each fee and other amount then due and payable by the Borrower hereunder shall bear interest at the Default Rate. The Default Rate shall increase at the rate of one (1%) percentage point per month beginning on the first day of the month following the month in which the Default Rate became effective and on the first day of each month thereafter up to the maximum rate permitted by law, until the Loan is paid in full.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

Section 3.2 Late Fee.

If the Bank has not received the full amount of any monthly payment on or before the date it is due (including as a result of funds not available to be automatically debited on the date on which any such payment is due), the Borrower shall pay a late fee to the Bank in an amount equal to six percent (6%) of such overdue payment (the "Late Fee"). Such late fee shall be paid promptly but only once with respect to each late payment.

Section 3.3 Unused Loan Fee.

The Borrowers agree to pay to the Bank an unused facility fee ("Unused Loan Fee") on the average daily unused balance of the Revolving Loan and the Line of Credit Loan from and including the Effective Date to but excluding the Revolving Maturity Date and the Line of Credit Maturity Date, as applicable, at a rate per annum equal to one-half of one percent (0.50%). The Unused Loan Fee is calculated based on a year of 360 days for the actual number of days elapsed. The accrued Unused Loan Fee shall be paid on the first day of each Fiscal Quarter, in arrears.

Section 3.4 Yield Protections

(a) In addition to the payment of principal, interest and fees as stated in this Agreement, if there shall be any increase in the direct or indirect costs to the Bank of lending, funding or maintaining any Loan based on a One-Month LIBOR Rate or the One Month LIBOR Rate (Swap) or any reduction in any amount received or to be received by the Bank hereunder, due to the repayment, prepayment or other reduction, in whole or in part, of any Loan based on a One-Month LIBOR Rate or the One Month LIBOR Rate (Swap) prior to the natural expiration of the applicable interest period, whether as a result of miscalculation, change in circumstance, consent of the Bank, acceleration of the Obligations or otherwise, then the Borrower from time to time, upon demand by the Bank, shall pay to the Bank additional amounts sufficient to indemnify the Bank against and reimburse it for such increased costs and reduced receipts (but only to the extent such increased cost or reduced receipt has not already been included in the calculation of any interest rate or fee or otherwise reimbursed under any other subsection of this Article) including (without limitation) amounts sufficient to compensate the Bank for any breakage or other costs and any decrease in margin or other return incurred in connection with the repayment, prepayment or other reduction of any Loan based on a One Month LIBOR Rate or the One Month LIBOR Rate (Swap) and the liquidation or redeployment of the affected deposits or other funding arrangements.

(b) A certificate of the Bank setting forth in reasonable detail the amount or amounts necessary to compensate the Bank or its holding company, as applicable, as specified in Section 3.4(a) shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay the Bank the amount shown as due on any such certificate within ten (10) Business Days after receipt thereof.

Section 3.5 Increased Costs; Capital Requirements.

(a) If the Bank determines that any Change in Law has or would have the effect of reducing the rate of return on the Bank's capital or on the capital of the Bank's holding company, if any, as a consequence of this Agreement or the Loans made by the Bank to a level below that which the Bank or the Bank's holding company could have achieved but for such Change in Law, then from time to time the Borrower will pay to the Bank such additional amount or amounts as will compensate the Bank or the Bank's holding company for any such reduction suffered.

(b) If at any time the Bank determines that, after the date hereof, any Change in Law regarding capital adequacy, reserves, special deposits, compulsory loans, insurance charges against property of, deposits with or for the account of, Obligations owing to, or other credit extended or participated in by, the Bank or any similar requirement shall have the effect of reducing the rate of return on the capital of the Bank or the Bank's holding company as a consequence of its obligations under or with respect to any Loan Document to a level below that which, taking into account the capital adequacy policies of the Bank or the Bank's holding company, the Bank or the Bank's holding company could have achieved but for such adoption or change, then from time to time the Borrower will pay to the Bank such additional amount or amounts as will compensate the Bank or the Bank's holding company for any such reduction suffered.

(c) A certificate of the Bank setting forth in reasonable detail the amount or amounts necessary to compensate the Bank or its holding company, as applicable, as specified in Section 3.5(a) or Section 3.5(b) shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay the Bank the amount shown as due on any such certificate within ten (10) Business Days after receipt thereof.

Section 3.6 Taxes.

(a) All payments by or on account of the Borrower under any Loan Document to the Bank shall be made free and clear of, and without any deduction or withholding for or on account of, any and all present or future Indemnified Taxes or Other Taxes, provided that if any Borrower is required by any law, rule, regulation, order, directive, treaty or guideline to make any deduction or withholding in respect of such Indemnified Tax or Other Tax from any amount required to be paid by the Borrower to the Bank under any Loan Document (each, a "Required Payment"), then (i) the Borrower shall notify the Bank of any such requirement or any change in any such requirement promptly after the Borrower becomes aware thereof, (ii) the Borrower shall pay such Indemnified Tax or Other Tax prior to the date on which penalties attach thereto, such payment to be made (to the extent that the liability to pay is imposed on the Borrower) for its own account or (to the extent that the liability to pay is imposed on the Bank) on behalf and in the name of the Bank, (iii) the Borrower shall pay to the Bank an additional amount such that the Bank shall receive on the due date therefor an amount equal to the Required Payment had no such deduction or withholding been made or required, and (iv) the Borrower shall, within thirty (30) days after paying such Indemnified Tax or Other Tax, deliver to the Bank satisfactory evidence of such payment to the relevant Governmental Authority.

(b) The Borrower shall reimburse the Bank for the full amount of all Indemnified Taxes or Other Taxes paid by the Bank on or with respect to any payment by or on account of any obligation of the Borrower under the Loan Documents (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and expenses arising therefrom or with respect thereto (other than any such penalties, interest or expenses that are incurred by the Bank's unreasonably taking or omitting to take action with respect to such Indemnified Taxes or Other Taxes), within thirty (30) days after written demand therefor, setting forth in reasonable detail the basis for and calculation of such amounts, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by the Bank shall be conclusive absent manifest error. In the event that the Bank determines that it received a refund or credit for Indemnified Taxes or Other Taxes paid by the Borrower under this Section, the Bank shall promptly notify the Borrower of such fact and shall remit to the Borrower the amount of such refund or credit.

4. REPRESENTATIONS AND WARRANTIES.

In order to induce the Bank to enter into this Agreement and to make the Loans, the Borrower makes the following representations and warranties to the Bank:

Section 4.1 Existence and Power.

Each Borrower is duly, organized and validly existing in good standing under the laws of the State of its respective organization, as detailed in the preamble to this Agreement. Each Borrower has all requisite power and authority to own its Property and to carry on its business as now conducted, and is in good standing and authorized to do business in each jurisdiction in which the nature of the business conducted therein or the Property owned by it therein makes such qualification necessary, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section 4.2 Authority and Execution.

The Borrower has full legal power and authority to enter into, execute, deliver and perform the terms of the Loan Documents to which it is a party, all of which have been duly authorized by all proper and necessary limited liability company, corporate or other applicable action and is in full compliance with its Organizational Documents. The Borrower has duly executed and delivered the Loan Documents to which it is a party.

Section 4.3 Binding Agreement.

The Loan Documents (other than the Notes) constitute, and the Notes, when issued and delivered pursuant hereto for value received, will constitute, the valid and legally binding obligations of the Borrower party thereto, enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally.

Section 4.4 Litigation.

There are no actions, suits or proceedings at law or in equity or by or before any Governmental Authority (whether purportedly on behalf of the Borrower) pending or, to the Knowledge of the Borrower, threatened against the Borrower or maintained by the Borrower or which may affect the Borrower or any of its Properties or rights, which (i) could reasonably be expected to have a Material Adverse Effect, (ii) call into question the validity or enforceability of, or otherwise seek to invalidate, any Loan Document, or (iii) might, individually or in the aggregate, materially and adversely affect any of the transactions contemplated by any Loan Document.

Section 4.5 Required Consents.

Except for information filings required to be made in the ordinary course of business which are not a condition to the performance by the Borrower under the Loan Documents, and, except to the extent already obtained, no consent, authorization or approval of, filing with, notice to, or exemption by, members or holders of any other equity interest, any Governmental Authority or any other Person is required to authorize the Borrower to execute the Loan Documents to which it is a party or to perform its obligations thereunder, or is required in connection with the execution, delivery and performance of the Loan Documents by the Borrower or is required as a condition to the validity or enforceability of the Loan Documents.

Section 4.6 Absence of Defaults; No Conflicting Agreements.

(a) The Borrower is not in default of any material provision of any mortgage, indenture, contract or agreement to which it is a party or by which it or any of its Property is bound. The execution, delivery or carrying out of the terms of the Loan Documents will not constitute a default under, or result in the creation or imposition of, or obligation to create, any Lien upon any Property of the Borrower or result in a breach of or require the mandatory repayment of or other acceleration of payment under or pursuant to the terms of any such mortgage, indenture, contract or agreement.

(b) The Borrower is not in default with respect to any judgment, order, writ, injunction, decree or decision of any Governmental Authority.

Section 4.7 Compliance with Applicable Laws.

(a) The Borrower and each of its Subsidiaries are, and since at least December 31, 2013, have been, in compliance in all material respects with all statutes, regulations, rules and orders of all Governmental Authorities which are applicable to the Borrower or any of its Subsidiaries or their assets, including, to the extent so applicable, any Tax, labor, securities and foreign exchange related Laws or Consumer Protection Laws.

(b) Neither the Borrower nor any of its Subsidiaries has received any notification or communication from any Governmental Authority or Educational Agency of any alleged, potential or actual material violation by the Borrower or any of its Subsidiaries of any Law. The Borrower and each of its Subsidiaries hold all licenses, franchises, permits, certificates, approvals and authorizations from Governmental Authorities and Educational Agencies necessary for the lawful conduct of their respective businesses.

Section 4.8 Taxes.

The Borrower has filed or caused to be filed all tax returns required to be filed and has paid, or has made adequate provision for the payment of, all taxes shown to be due and payable on said returns or in any assessments made against it (other than those being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside on its books in accordance with GAAP) which would be material to the Borrower, and no tax Liens have been filed with respect thereto. The charges, accruals and reserves on the books of the Borrower with respect to all taxes are, to the Knowledge of the Borrower, adequate for the payment of such taxes, and the Borrower knows of no unpaid assessment which is due and payable against the Borrower or any claims being asserted, except such thereof as are being contested in good faith by appropriate proceedings and for which adequate reserves have been set aside in accordance with GAAP.

Section 4.9 Governmental Regulations.

(a) Neither the Borrower nor any Affiliate of the Borrower, is subject to regulation under the Investment Company Act of 1940, as amended, or is subject to any statute or regulation that prohibits or restricts the incurrence of Indebtedness.

(b) The Borrower has established and maintains, and at all times since March 29, 2005, has maintained, disclosure controls and procedures and a system of internal controls over financial reporting (as such terms are defined in paragraphs (e) and (f), respectively, of Rule 13a-15 under the Exchange Act) as required by Rule 13a-15 under the Exchange Act. Since December 31, 2016, neither the Borrower nor, to the Borrower's Knowledge, the Borrower's independent registered public accounting firm has identified or been made aware of any "significant deficiency" or "material weakness" (as defined by the Public Company Accounting Oversight Board) in the design or operation of the Borrower's internal controls over financial reporting which would reasonably be expected to adversely affect in any material respect the Borrower's ability to record, process, summarize and report financial data, in each case which has not been subsequently remediated. The Borrower is, and has been at all times since March 29, 2005, in compliance in all material respects with the applicable listing requirements and corporate governance rules and regulations of NASDAQ, and has not received any notice asserting any non-compliance with the listing requirements of NASDAQ.

(c) The Borrower's auditor has at all times since March 29, 2005, been (i) a registered public accounting firm (as defined in Section 2(a)(12) of the Sarbanes–Oxley Act); (ii) "independent" with respect to the Borrower within the meaning of Regulation S-X under the Exchange Act; and (iii) to the Borrower's Knowledge, in compliance with subsections (g) through (l) of Section 10A of the Exchange Act and the rules and regulations promulgated by the SEC and the Public Company Accounting Oversight Board thereunder. All nonaudit services performed by the Borrower's auditors for the Borrower that were required to be approved in accordance with Section 202 of the Sarbanes–Oxley Act were so approved.

Section 4.10 Federal Reserve Regulations; Use of Loan Proceeds.

(a) The Borrower is not engaged principally, or as one of its principal activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock.

(b) No part of the proceeds of any Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase, acquire or carry any Margin Stock or for any purpose that entails a violation of, or that is inconsistent with, the provisions of the regulations of the Board, including Regulation T, Regulation U or Regulation X.

Section 4.11 ERISA.

The Borrower and some or all of its ERISA Affiliates is a party to a multiemployer plan as defined in section 4001(a)(3) of ERISA. The Borrower and its ERISA Affiliates have fulfilled their respective obligations under the minimum funding standards of ERISA and the Code with respect to each Plan established or maintained by the Borrower or its ERISA Affiliates, and with respect to each such Pension Plan are not subject to any material liability to the PBGC under Title IV of ERISA. With respect to each Employee Benefit Plan, the Borrower is in compliance in all respects with the currently applicable provisions of ERISA and the Code, except as could not reasonably be expected to result in a Material Adverse Effect.

Section 4.12 Financial Statements.

(a) The Borrower has heretofore delivered to the Bank the balance sheet of the Borrower as of June 30, 2019 and the related statements of income, retained earnings and cash flows (or changes in financial position, as the case may be) for such fiscal year (the "Financial Statements"), each of which fairly present the financial condition of the Parent and its consolidated Subsidiaries on such date and results of operations for the year ended on such date, and has been prepared in conformity with GAAP. Since the date of the Financial Statements, the Borrower has conducted its business only in the ordinary course and there has been no Material Adverse Change.

(b) Neither the Borrower nor any of its Subsidiaries has any Liabilities of any nature (whether accrued, absolute, contingent or otherwise) except Liabilities (i) reflected or reserved against in the balance sheet (or the notes thereto) of the Borrower and its Subsidiaries as of June 30, 2019 (the "Balance Sheet Date") included in the SEC Documents, (ii) incurred after the Balance Sheet Date in the ordinary course of business, (iii) incurred pursuant to this Agreement, (iv) as expressly contemplated by the Preferred Stock Agreement or otherwise incurred in connection with the Preferred Stock Transactions and (v) which are not, individually or in the aggregate, material to the Borrower and its Subsidiaries, taken as a whole.

Section 4.13 Property.

The Borrower has good and marketable title to all the real property owned by it, title to which is material to the Borrower and valid leasehold interests in all leased real property leased by it, a leasehold interest in which is material to the Borrower, in each case subject to no Liens, except Permitted Encumbrances. Schedule 4.13 attached hereto sets forth a comprehensive list of all present locations where the Borrower conducts its operations.

Reference is hereby made to that certain Declaration of Covenants, Conditions and Restrictions and Grant of Easements recorded on October 3, 2007 as Instrument No. 2007154061, City and County of Denver, as amended by that certain First Amendment to Declaration of Covenants, Conditions and Restrictions and Grant of Easements recorded on December 31, 2009 as Instrument No. 2009168907, City and County of Denver (the "Colorado Declaration"). The Borrower represents that it has not received any written notice indicating that the Borrower is in default under the Colorado Declaration, and further represents that it is current in all payments required thereunder, and is otherwise in compliance in all material respects with the requirements under said Colorado Declaration. The Borrower covenants and agrees to provide the Bank with all material notices it receives pursuant to said Colorado Declaration, and further agrees not to consent to any amendment or termination of the Colorado Declaration without the consent of the Bank.

Section 4.14 Authorizations.

The Borrower possesses or has the right to use all franchises, licenses and other rights as are material and necessary for the conduct of its business, and with respect to which it is in compliance, with no known conflict with the valid rights of others which could reasonably be expected to have a Material Adverse Effect. The Borrower has not received any notice that any event has occurred which permits or, to the Knowledge of the Borrower, after notice or the lapse of time or both, or any other condition, could reasonably be expected to permit, the revocation or termination of any such franchise, license or other right which revocation or termination could reasonably be expected to have a Material Adverse Effect.

Section 4.15 Environmental Matters.

(a) The Borrower is in compliance with all Environmental Laws applicable to it or its business or Properties which, if violated, could have a Material Adverse Effect.

(b) Environmental Properties Audits. The Borrower has previously delivered to the Bank (i) the Phase II environmental audits described on Schedule 4.15(b) attached hereto (the "Phase II Audits") relating to the Mortgaged Property commonly known as (i) 2915 Alouette Dr., Grand Prairie, Texas, (ii) 1524 Gallatin Ave., Nashville, Tennessee and (iii) 1760 Mapleton Ave., Suffield, Connecticut (collectively, the " Environmental Properties"); (iv) other documentation, information, audits, investigations and testing(s) relative to the Environmental Properties that were recommended pursuant to the Phase II Audits, which are described on Schedule 4.15(b); and (v) additional audits, testing(s) and investigations that were recommended by the environmental consultant performing said Phase II Audits (the "Environmental Consultant"), which are described on Schedule 4.15(b). For purposes hereof, the Phase II Audits, together with all additional audits, testing(s) or investigations as required pursuant thereto or as otherwise recommended by the Environmental Consultant, shall be referred to as the "Environmental Properties Audits").

(c) The Borrower represents and warrants to the Bank that it has in all material respects (i) complied with all recommendations set forth in the Environmental Properties Audits; and (ii) completed the remediation of all areas of environmental concern and other work on the applicable Environmental Properties, as set forth in the Environmental Properties Audits to the satisfaction of the applicable jurisdiction's Governmental Authority (as confirmed by the Environmental Consultant) in accordance with all applicable Environmental Laws (the "Remediation Completion"). Schedule 4.15(c) attached hereto sets forth a complete list of all certifications and other documentation delivered by the Environmental Consultant and the applicable jurisdiction's Governmental Authority evidencing the Remediation Completion in compliance with such jurisdiction's Environmental Laws.

(d) The Borrower further represents and warrants to the Bank that all costs and expenses in connection with the Environmental Properties Audits and the Remediation Completion have been paid in full.

Section 4.16 Intellectual Property.

The Borrower owns and possesses or has a license or other right to use all patents, patent rights, trademarks, trademark rights, trade names, trade name rights, service marks and service mark rights and copyrights (collectively, the "Intellectual Property") as are necessary for the conduct of the business of the Borrower, and to the Knowledge of the Borrower there is no known infringement upon rights of others. Attached as Schedule 4.16 is a comprehensive list of the Intellectual Property. The copyrights included on Schedule 4.16 have nominal value to the Borrower and are no longer used or useful to the Borrower in the conduct of its business.

Section 4.17 Labor Matters.

There are no strikes, work stoppages, lockouts or slowdowns against the Borrower pending or, to the Knowledge of the Borrower, threatened. The hours worked by and payments made to employees of the Borrower have not been in violation of the Fair Labor Standards Act or any other applicable federal, state, local or foreign law dealing with such matters. All material payments due from the Borrower, or for which any claim may be made against the Borrower, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of the Borrower. To the Borrower's Knowledge, after due inquiry and investigation, there are no unfair labor practice charges or complaints pending against the Borrower with any Governmental Authority. The consummation of the Transactions will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which the Borrower is a party.

Section 4.18 No Misrepresentation.

The written information, taken as a whole, furnished by the Borrower to the Bank in connection with the negotiation of this Agreement and the other Loan Documents (excluding the Financial Reports, which are covered by the representation and warranty in Section 4.12 and the written information covered by the representation and warranty in the next succeeding sentence) does not, to the Borrower's Knowledge, contain, as of the Effective Date, any materially untrue statements of a material fact or, as of the Effective Date, to the Borrower's Knowledge, omit a material fact necessary to make the material statements contained herein or therein, in light of the circumstances under which they were made, not materially misleading. The projections, estimates, forecasts, budgets, statements of opinion or intent and discussions of strategy contained in such written information have been prepared in good faith based upon assumptions believed by the Borrower to be reasonable at the time made (it being recognized by the Bank that such projections, estimates, forecasts, budgets, statements of opinion or intent and discussions of strategy are subject to significant uncertainties and contingencies, and that no assurance can be given that any particular projections, estimates, forecasts or budgets will be realized).

Section 4.19 Security Documents.

The Security Documents are effective to create in favor of the Bank a legal, valid and enforceable security interest in the Collateral except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and, when (i) financing statements in appropriate form are filed in the offices of the secretary of state of the jurisdiction of organization of the Borrower or such other office specified by the Uniform Commercial Code and (ii) all other applicable filings under the Uniform Commercial Code or otherwise that are required or permitted under the Loan Documents are made, the Security Documents shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Borrower thereunder in the Collateral, in each case prior and superior in right to the rights of any other Person, other than with respect to Liens expressly permitted by Section 7.2 or otherwise consented to by the Bank in writing.

Section 4.20 OFAC.

None of the Borrowers: (i) is a person named on the list of Specially Designated Nationals or Blocked Persons maintained by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") available at http://www.treas.gov/offices/eotffc/ofac/sdn/index.html, or as otherwise published from time to time; (ii) is (A) an agency of the government of a country, (B) an organization controlled by a country, or (C) a person resident in a country that is subject to a sanctions program identified on the list maintained by OFAC and available at http://www.treas.gov/offices/eotffc/ofac/sanctions/index.html, or as otherwise published from time to time, as such program may be applicable to such agency, organization or person; or (iii) derives any of its assets or operating income from investments in or transactions with any such country, agency, organization or person; and none of the proceeds from the Loans or Letters of Credit will be used to finance any operations, investments or activities in, or make any payments to, any such country, agency, organization, or person.

Section 4.21 Solvency.

After giving effect to the transactions contemplated by this Agreement, and before and after giving effect to the making of each Loan or the issuance of each Letter of Credit, the Borrower, on a consolidated basis, is Solvent. No transfer of Property has been or will be made by the Borrower and no obligation has been or will be incurred by any Borrower in connection with the transactions contemplated by this Agreement or the other Loan Documents with the intent to hinder, delay, or defraud either present or future creditors of the Borrowers.

Section 4.22 Anti-Money Laundering.

As of the date of this Agreement, the date of each advance of proceeds under the Loans, the date of any renewal, extension or modification of the Loans, and at all times until the Loans have been terminated and all amounts thereunder have been indefeasibly paid in full: (a) no Covered Entity (i) is a Sanctioned Person; (ii) either in its own right or through any third party, has any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person; or (iii) either in its own right or through any third party, does business in or with, or derives any of its operating income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any law, regulation, order or directive enforced by any Compliance Authority; (b) the proceeds of the Loans will not be used to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Country or Sanctioned Person in violation of any law, regulation, order or directive enforced by any Compliance Authority; (c) the funds used to repay the Loans are not derived from any unlawful activity; and (d) each Covered Entity is in compliance with, and no Covered Entity engages in any dealings or transactions prohibited by, any laws of the United States, including but not limited to any Anti-Terrorism Laws.

As used herein: "Anti-Terrorism Laws" means any laws relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering, or bribery, all as amended, supplemented or replaced from time to time; "Compliance Authority" means each and all of the (a) U.S. Treasury Department/Office of Foreign Assets Control, (b) U.S. Treasury Department/Financial Crimes Enforcement Network, (c) U.S. State Department/Directorate of Defense Trade Controls, (d) U.S. Commerce Department/Bureau of Industry and Security, (e) U.S. Internal Revenue Service, (f) U.S. Justice Department, and (g) SEC; "Covered Entity" means the Borrower, each of its Affiliates and Subsidiaries, any guarantors, pledgors of collateral, all owners of the foregoing, and all brokers or other agents of the Borrower acting in any capacity in connection with the Loans; "Reportable Compliance Event" means that any Covered Entity becomes a Sanctioned Person, or is indicted, arraigned, investigated or custodially detained, or receives an inquiry from regulatory or law enforcement officials, in connection with any Anti-Terrorism Law or any predicate crime to any Anti-Terrorism Law, or self-discovers facts or circumstances implicating any aspect of its operations with the actual or possible violation of any Anti-Terrorism Law; " Sanctioned Country" means a country subject to a sanctions program maintained by any Compliance Authority; and "Sanctioned Person" means any individual person, group, regime, entity or thing listed or otherwise recognized as a specially designated, prohibited, sanctioned or debarred person or entity, or subject to any limitations or prohibitions (including but not limited to the blocking of property or rejection of transactions), under any order or directive of any Compliance Authority or otherwise subject to, or specially designated under, any sanctions program maintained by any Compliance Authority.

Section 4.23 Educational Approvals; Compliance with Educational Laws. The following representations set forth in this Section 4.23 are subject to the exceptions set forth in Section 3.27 of the Disclosure Letter. Each disclosure included in the Disclosure Letter is deemed to be a representation hereunder made to and may be relied upon by the Bank.

(a) Since the Compliance Date, the Borrower, including its Subsidiaries and Schools, has received the material licenses, permits, and approvals of all Governmental Authorities and Educational Agencies necessary to conduct their businesses, including all material Educational Approvals necessary for each School to conduct its operations and offer its educational programs. Since the Compliance Date, the Borrower, including its Subsidiaries and Schools, is and has been in material compliance with all applicable Educational Laws and with the terms and conditions of all Educational Approvals. Each current Educational Approval is in full force and effect, and no proceeding for the suspension, material limitation, revocation, termination or cancellation of any Educational Approval is pending or, to the Knowledge of the Borrower, threatened. Since the Compliance Date, no application made by any School to any Governmental Authority or Educational Agency has been denied. Since the Compliance Date, neither the Borrower nor any of its Subsidiaries or Schools has received notice from any Governmental Authority or Educational Agency that it has been placed on probation or ordered to show cause why any Educational Approval for any School or any of its educational programs should not be revoked. Since the Compliance Date, neither the Borrower nor any of its Subsidiaries or Schools has received notice that any current Educational Approval will not be renewed.

(b) Each School is an "eligible institution," as defined in 34 C.F.R. § 600.2 (and the other applicable sections incorporated therein by reference) and each School is a "proprietary institution of higher education" as defined at 34 C.F.R. § 600.5. Each School is in material compliance with the applicable "state authorization" requirements set forth at 34 C.F.R. § 600.9 and meets the qualifications to be licensed by the applicable Governmental Authorities and Educational Agencies. Each School is accredited by the applicable Accrediting Bodies, and has been certified by the DOE as an eligible institution of higher education and is a party to a program participation agreement with the DOE.

(c) To the Knowledge of the Borrower, no fact or circumstance exists or is reasonably likely to occur that would reasonably be expected to result in the delay, termination, revocation, suspension, restriction or failure to obtain renewal of any Educational Approval or the imposition of any material fine, penalty or other sanctions for violation of any legal or regulatory requirements relating to any Educational Approval.

(d) Since the Compliance Date, the Borrower, including its Subsidiaries and Schools, has been in material compliance with any and all applicable Educational Laws relating to Financial Assistance Programs, including the program participation and administrative capability requirements, as defined by the DOE at 34 C.F.R. 668 subpart B, including §§ 668.14 and 668.15-16, as well as the student eligibility requirements and satisfactory progress requirements, as defined by DOE at 34 C.F.R. § 668.31-39.

(e) Since the Compliance Date, the School(s) have not received greater than ninety percent (90%) of its revenues from Title IV Programs, as such percentage is required to be calculated under 34 C.F.R. §§ 668.14 and 668.28.

(f) Since the Compliance Date, each School has complied with the Cohort Default Rate regulations set forth in 34 C.F.R. Part 668, Subpart N.

(g) Each School has been in compliance, in all material respects, with the applicable limitations set forth in 34 C.F.R. § 600.7.

(h) Since the Compliance Date, the Borrower, including its Subsidiaries and Schools, has obtained or maintained all material Educational Approvals required to operate each additional campus, location, or facility of the Schools and required in order to disburse Title IV Program funds to students at such additional campus, location, or facility, as applicable.

(i) Since the Compliance Date, the Borrower, including its Subsidiaries and Schools, has timely reported, in compliance in all material respects with the applicable provisions of 34 C.F.R. Part 600: (i) the addition of any new educational programs or locations; and (ii) any shifts in ownership or control, including any changes in reported ownership levels or percentages. Since the Compliance Date, the Borrower, including its Subsidiaries and Schools, has complied, in all material respects, with all Educational Laws related to the closure or cessation of instruction at that location or facility, including requirements for teaching out students from that location or facility.

(j) Since the Compliance Date, the Borrower, including its Subsidiaries and Schools, has complied, in all material respects, with the DOE requirements that no student receive a disbursement of Title IV Program funds prior to the date for which such student was eligible for such disbursement.

(k) Since the Compliance Date, the Borrower, including its Subsidiaries and Schools, have not violated in any material respect any of the Title IV Program requirements, as set forth at 20 U.S.C. § 1094(a)(20) and implemented at 34 C.F.R. § 668.14(b)(22), regarding the payment of a commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any Person engaged in any student recruiting or admission activities or in making decisions regarding the awarding of Title IV Program funds.

(l) Since the Compliance Date, the Borrower, including its Subsidiaries and Schools, has complied, in all material respects, with 20 U.S.C. § 1085(d)(5) and 34. C.F.R. § 682.212 regarding prohibited inducements in the Federal Family Education Loan Program. Since the Compliance Date, each School has complied, in all material respects, with the Educational Laws prohibiting any School, employee, agent or official thereof from accepting any gift, payment, inducement, benefit, staffing assistance, advisory board position, or other thing of value in exchange for directing Educational Loan or Private Educational Loan applications to any lender. Since the Compliance Date, neither the Borrower, nor any of its Subsidiaries or Schools have received any written notice of any investigation by any Educational Agency or other Governmental Authority regarding the Borrower's, any Subsidiary of the Borrower's or the Schools' student lending practices.

(m) Since the Compliance Date, neither the Borrower, nor any of its Subsidiaries and Schools has provided any educational instruction on behalf of any other institution or organization of any sort, and no other institution or organization of any sort has provided any educational instruction on behalf of any School.

(n) Since the Compliance Date, the Borrower, including its Subsidiaries and Schools, has materially complied with the DOE's financial responsibility requirements in accordance with 34 C.F.R. § 668.171-175 not including any compliance based on the posting of an irrevocable letter of credit in favor of the DOE or the placement by the DOE in the "zone alternative" as set forth at 34 C.F.R. § 668.175(d). Except for state surety bonds required for the purposes of licensure or authorization by any Governmental Authority or Educational Agency, since the Compliance Date, neither the Borrower, nor any of its Subsidiaries or Schools have received written notice of a request by any Governmental Authority or Educational Agency requiring the Borrower, its Subsidiaries or any School to post a letter of credit 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 received any request or requirement that the School process its Title IV Program funding under the reimbursement or heightened cash monitoring procedures, other than Heightened Cash Monitoring Level 1 procedures, as those procedures are set forth at 34 C.F.R. § 668.162.

(o) The Borrower, including its Subsidiaries and Schools, is in material compliance with all Educational Agency, DOE, and other Governmental Authority requirements and regulations, including requirements set forth at 34 C.F.R. § 668.22, relating to (i) fair and equitable refunds policy and (ii) the calculation and timely repayment of federal and nonfederal funds.

(p) To the Knowledge of the Borrower, there exist no facts or circumstances attributable to the Borrower, its Subsidiaries or Schools or any other Person that exercises Substantial Control (as that term is defined at 34 C.F.R. § 668.174(c)(3)) with respect to the Borrower, its Subsidiaries or Schools, that would, individually or in the aggregate, reasonably be expected to materially and adversely affect the Borrower's, or any Subsidiary's or the School's ability to obtain any required notices or consents under Educational Laws, Educational Approval or other consent or approval that must be obtained in connection with the Transactions.

(q) Since the Compliance Date, the Borrower, including its Subsidiaries and Schools, has complied in all material respects with Educational Laws regarding misrepresentation, including 34 C.F.R. Part 668 Subpart F.

(r) Since the Compliance Date, the Borrower, including its Subsidiaries and Schools, has complied, in all material respects, with the consumer disclosure requirements in 34 C.F.R. Part 668 Subpart D.

(s) Since the Compliance Date, each School has complied, in all material respects, with any applicable Educational Laws regarding that School's completion, placement, withdrawal and retention rates, and, to the Borrower's Knowledge, has accurately calculated and reported all such rates.

(t) Since the Compliance Date, neither the Borrower nor its Subsidiaries, nor any Person that exercises Substantial Control (as that term is defined at 34 C.F.R. § 668.174(c)(3)) over the Borrower or any Subsidiary of the Borrower or any School, or member of such person's family (as the term "family" is defined in 34 C.F.R. § 668.174(c)(4)), alone or together, (i) exercises or exercised Substantial Control over another 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 Title IV Program violation.

(u) Since the Compliance Date, to the Knowledge of the Borrower, neither the Borrower nor any of its Subsidiaries or Schools have employed in a capacity involving administration of Title IV Program funds, any individual who has been convicted of, or has 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 material violation of law involving funds of any Governmental Authority or Educational Agency.

(v) Since the Compliance Date, to the Knowledge of the Borrower, neither the Borrower nor any of its Subsidiaries or Schools have contracted with an institution or third-party servicer that has been terminated under § 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 material violation of law involving funds of any Governmental Authority or Educational Agency.

(w) Since the Compliance Date, neither the Borrower nor any of its Subsidiaries, nor any owner that has the power, by contract or ownership interest, to direct or cause the direction or management of policies of any School has filed for relief in bankruptcy or had entered against it an order for relief in bankruptcy.

(x) Since the Compliance Date, neither the Borrower nor any of its Subsidiaries, or any officer of the Borrower or a Subsidiary or a School has pled guilty to, pled *nolo contendere*, or been found guilty of, a crime involving the acquisition, use or expenditure of funds under the Title IV Programs or been judicially determined to have committed fraud involving funds under the Title IV Programs.

(y) Since the Compliance Date, to the Knowledge of the Borrower, neither the Borrower nor any of its Subsidiaries or Schools has contracted with 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 material violation of law involving funds of any Governmental Authority or Educational Agency.

(z) Since the Compliance Date, the Borrower, its Subsidiaries and each School has complied, in all material respects, withall applicable requirements regarding the safeguarding of student records, including the Family Educational Rights and Privacy Act (20 U.S.C. § 1232g; 34 C.F.R. Part 99).

Section 4.24 Preferred Stock Transaction.

All of the signatories to the Preferred Stock Agreement received by the Bank on the Effective Date constitute all of the purchasers of the Series A Preferred Stock sold as of the Effective Date. By the terms of the Preferred Stock Transaction Documents, no further issuances of Series A Preferred Stock may be made by the Parent after the closing of the Preferred Stock Transaction.

5. CONDITIONS TO THE LOANS.

Section 5.1 Effective Date.

The effectiveness of this Agreement, and the obligation of the Bank to make the initial Loans or issue the initial Letters of Credit is subject to the fulfillment of the following conditions prior to or simultaneously therewith:

(a) The Bank shall have received from the Borrower a counterpart of this Agreement signed on behalf of the Borrower.

(b) The Bank shall have received the Notes evidencing the Loans, each signed on behalf of the Borrower.

(c) The Bank shall have received the payment of the origination fee in the amount of $337,500.

(d) The Bank shall have received counterparts of the Security Agreement, signed on behalf of the Borrower, together with the following:

(i) instruments constituting Collateral, if any, duly indorsed in blank, if necessary, by an Authorized Signatory of the Borrower;

(ii) all instruments and other documents, including, without limitation, Uniform Commercial Code financing statements, required by law or requested by the Bank to be filed, registered or recorded to create or perfect the Liens intended to be created under the Security Documents; and

(iii) such other documents as the Bank may reasonably require in connection with the perfection of its security interests in the Collateral.

(e) The Bank shall have received Uniform Commercial Code, tax and judgment lien search reports with respect to each applicable public office where Liens are or may be filed disclosing that, except for Liens in favor of the Bank under existing Indebtedness of the Borrower owing to the Bank, there are no Liens of record in such official's office covering any Collateral or showing the Borrower as debtor thereunder (other than Permitted Encumbrances or other Liens consented to by the Bank in writing) and a certificate of the Borrower signed by an Authorized Signatory thereof, dated the Effective Date, certifying that, upon the making of the Loans or the issuance of the Letters of Credit there will exist no Liens on the Collateral other than Permitted Encumbrances or such other Liens.

(f) Loan policies of title insurance to be dated the Effective Date, and issued by Stewart Title Guaranty Company, or another title insurance company acceptable to the Bank together with Survey Affidavits of No Change for each Mortgaged Property in form and substance acceptable to the Bank and the title insurance company issuing the Loan policies of title insurance. The Loan policies of title insurance shall (i) be in an aggregate amount equal to the Loans; (ii) insure that each Mortgage creates a valid first lien on the Mortgaged Property, all without title insurance exceptions (unless otherwise agreed to by the Bank and except for Permitted Encumbrances), including but not limited to, (a) mechanics' liens, (b) parties in possession, (c) rights of reverter, (d) declarations of restrictive covenants, (e) any other standard exceptions, and (f) reservation for creditor's rights, (iii) name the Bank, as its interests shall appear, as the insured party thereunder; (iv) be in the form of ALTA form of mortgage loan policy and (v) contain such endorsements and effective coverage as the Bank deems appropriate. The Bank shall also have received evidence on the Effective Date that all premiums in respect of such policies have been paid.

(g) Evidence satisfactory to the Bank, in its sole discretion, that the Mortgaged Property is not located in an area identified by the Secretary of Housing and Urban Development as an area located in a flood plain or special flood hazards zone pursuant to the National Flood Insurance Act of 1968 or pursuant to the Flood Disaster Act of 1973 or the National Flood Insurance Reform Act of 1994, or any successor law. In the event the Mortgaged Property or any portion thereof is located in a flood plain or in a flood hazard zone, the Borrower shall deliver to the Bank a certificate of insurance evidencing flood hazard insurance (if available) in form and indicating an amount acceptable to the Bank.

(h) The Bank shall have received a certificate from the secretary or executive officer of the Borrower (i) attaching a true and complete copy of the resolutions of its Managing Person and of all documents evidencing all necessary action (in form and substance reasonably satisfactory to the Bank) taken by it to authorize the Loan Documents to which it is a party and the transactions contemplated thereby, (ii) attaching a true and complete copy of its Organizational Documents, (iii) setting forth the incumbency of its officer or officers or other analogous counterpart who may sign the Loan Documents, including therein a signature specimen of such officer or officers, and (iv) attaching a recently dated certificate of good standing (or the equivalent) issued by the secretary of state (or the equivalent Governmental Authority) of its jurisdiction of organization and each other jurisdiction in which it is qualified to do business.

(i) The Bank shall have received evidence satisfactory to it that the insurance required by Section 6.10 is in effect.

(j) All approvals and consents of all Persons required to be obtained in connection with the consummation of the transactions contemplated hereby shall have been obtained and shall be in full force and effect, and all required notices shall have been given and all required waiting periods shall have expired (or have been waived), and the Bank shall have received a certificate, reasonably satisfactory to the Bank, of an Authorized Signatory of the Borrower that all such approvals and consents required to have been obtained by the Borrower shall have been obtained and shall be in full force and effect and that all such notices required to be given by the Borrower shall have been given and all such waiting periods of which the Borrower has knowledge shall have expired (or have been waived).

(k) The Bank shall be reasonably satisfied that there shall be no litigation or administrative proceeding, or regulatory development, which would be expected to have a Material Adverse Effect.

(l) The Bank shall be reasonably satisfied that no Material Adverse Change has occurred since June 30, 2019.

(m) The Preferred Stock Transaction (i) shall have fully closed on terms satisfactory to the Bank, (ii) a minimum of $10,000,000 shall have been funded to the Parent thereunder by wire transfer to the Sterling National Bank account specified on Schedule 6.17, (iii) the Bank shall have received copies of the Preferred Stock Transaction Documents certified by the Parent as true and correct in all material respects and (iv) the Bank shall have received an acknowledgment letter by the Holders in form and content satisfactory to the Bank.

(n) [intentionally omitted]

(o) The Bank shall have received all amounts due and payable by the Borrower on or prior to the Effective Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder.

(p) The Bank shall have received all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the USA Patriot Act.

(q) The Bank shall have received such other approvals, opinions or documents, each in form and substance satisfactory to the Bank, as the Bank shall reasonably require in connection with the making of the Loans and the issuance of the Letters of Credit.

Section 5.2 Each Advance under the Revolving Loan (or Letter of Credit) and the Line of Credit Loan

The obligation of the Bank to make each Revolving Loan and to issue any Letter of Credit and advance any Line of Credit Loan is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Borrower set forth in each Loan Document shall be true and correct in all material respects (provided that if any representation or warranty is by its terms qualified by concepts of materiality, such representation or warranty shall be true and correct in all respects) on and as of the date of such Revolving Loan or Line of Credit Loan or issuance of Letter of Credit, as the case may be, except to the extent such representations and warranties specifically relate to an earlier date, in which case the accuracy of such representations and warranties shall be determined as of such earlier date.

(b) At the time of and immediately after giving effect to such Revolving Loan, Line of Credit Loan or Letter of Credit, as the case may be, no Default or Event of Default shall have occurred and be continuing and neither (i) the outstanding principal balance of Revolving Loans plus the aggregate amount of all outstanding Letters of Credit shall exceed the Revolving Loan Amount, nor (ii) the outstanding principal balance of Line of Credit Loans shall exceed the Line of Credit Amount.

(c) At the time of and at all times after advances are made under the Line of Credit Loan, all outstanding Line of Credit Loans shall not, in the aggregate, exceed the amount in the Cash Collateral Account.

(d) The Bank shall have received a credit request meeting the requirements of Section 2.2(a) for Revolving Loans and Line of Credit Loans or Section 2.2(b) for the Letters of Credit.

(e) The Bank shall have received such other documentation and assurances as shall be reasonably required by it in connection with such Revolving Loan, Line of Credit Loan or Letter of Credit, as the case may be.

Each request for a Revolving Loan and Line of Credit Loan and each request for the issuance of a Letter of Credit submitted by the Borrower shall be deemed to constitute a representation and warranty that the conditions specified in paragraphs (a) and (b) of this Section 5.2 have been satisfied on and as of the date of the applicable credit request.

6. AFFIRMATIVE COVENANTS

The Borrower covenants and agrees that so long as any of the Obligations remains unpaid:

Section 6.1 Financial Statements and Other Information.

The Borrower shall keep proper books of record and account in which full, true and correct entries shall be made in accordance with GAAP throughout the applicable periods, and the Borrower shall furnish to the Bank:

(a) Quarterly Financial Statements. As soon as available and in any event within forty-five (45) days after the end of each of the first three Fiscal Quarters of each Fiscal Year of the Borrower, unaudited consolidated financial statements of Parent and its consolidated Subsidiaries consisting of a balance sheet as of the end of such Fiscal Quarter, and statements of income, retained earnings and cash flow for such Fiscal Quarter and for the period commencing at the end of its previous Fiscal Year and ending with the end of such Fiscal Quarter, all in reasonable detail and stating in comparative form the respective figures for the corresponding date and period in such previous Fiscal Year, and all prepared in accordance with GAAP consistently applied, and certified by the chief financial officer of Parent that they are complete and correct and that they fairly present the financial condition of Parent and its consolidated Subsidiaries as of the end of such Fiscal Quarter, and the results of operations and cash flow for such Fiscal Quarter and such portion of Parent's Fiscal Year, all in accordance with GAAP consistently applied (subject to normal year-end adjustments). The financial statements required to be delivered to the Bank pursuant to this paragraph may be set forth in the Parent's Quarterly Report on Form 10-Q; provided, that the Borrower notifies the Bank that such Quarterly Report on Form 10-Q has been made available in compliance with paragraph (f) of Section 6.1.

(b) Annual Financial Statements. As soon as available and in any event within one hundred twenty (120) days after the end of each Fiscal Year of the Borrower, audited consolidated financial statements of Parent and its consolidated Subsidiaries, consisting of a balance sheet as of the end of such Fiscal Year, and statements of income, retained earnings and cash flow statement for such Fiscal Year, all in reasonable detail and stating in comparative form the respective figures for the corresponding date and period in the Borrower's prior Fiscal Year, and all prepared in accordance with GAAP consistently applied, and all accompanied by a report on such consolidated financial statements acceptable to the Bank certified by an unqualified opinion of an independent public accountant selected by the Borrower and reasonably acceptable to the Bank. The financial statements required to be delivered to the Bank pursuant to this paragraph may be set forth in the Parent's Annual Report on Form 10-K; provided, that the Borrower notifies the Bank that such Annual Report on Form 10-K has been made available in compliance with paragraph (f) of Section 6.1.

(c) Compliance Certificate. As soon as available, but no later than the date for delivery of the financial statements required to be delivered under this Section, a certificate of the Chief Financial Officer of the Borrower on the form attached hereto as Schedule 6.1(c) (the "Compliance Certificate") certifying that, to the best of the knowledge of such chief financial officer, no Default or Event of Default has occurred and is continuing, or if a Default or Event of Default has occurred and is continuing, a statement as to the nature of such Default or Event of Default and the action which is proposed to be taken with respect to such Default or Event of Default, together with a calculation in reasonable detail, and in form reasonably satisfactory to the Bank, of compliance with the financial covenants set forth in Section 7.18.

(d) Management Letters. Promptly following their receipt, copies of all management letters and other written correspondence and reports submitted to the Borrower by its independent accountants in connection with the examination of the financial statements of the Borrower made by such accountants, including each such item which addresses issues and concerns with respect to the Borrower's systems and operations.

(e) Budget and Projections. As soon as available and in any event within ninety (90) days after the end of each Fiscal Year of the Borrower, the Borrower's annual budget and projection of financial performance on a monthly basis for the upcoming Fiscal Year in form and detail reasonably satisfactory to the Bank and an annual management report pertaining to student enrollment, tuition, pricing, capital campaigns and other data relevant to the operations of the Borrower.

(f) SEC Filings. Promptly after filing with the United States Securities and Exchange Commission (the "SEC"), copies of its reports filed with the SEC. The Borrower may satisfy the requirement to deliver quarterly and annual financial statements to the Bank pursuant to paragraphs (a) and (b) of this Section to the extent such quarterly and annual financial statements are set forth in the Parent's Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K as filed with the SEC to the extent such Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K are filed with the SEC within the time periods required by this Section; provided, that the Borrower notifies the Bank of the posting of such Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K on the Borrower's website or the SEC's website and provides the Bank by electronic mail electronic versions (i.e., soft copies) of such Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K.

(g) Reports to Other Creditors. Promptly after furnishing, copies of any statement or report furnished to any other Person pursuant to the terms of any indenture, loan, or credit or similar agreement and not otherwise required to be furnished pursuant to any other clause of this Section.

(h) Educational Agency Correspondence. Promptly following their receipt, copies of all Educational Approvals, other specialized accrediting agency approvals necessary to conduct its operations and offer its educational programs, and other written correspondence and communications between the Borrower and any Educational Agency which indicates the status of the Borrower's compliance with each such Educational Agency's applicable rules, regulations and policies including, but not limited to, composite scores, the Borrower's submission of composite scores with calculations and the final reporting on such composite scores.

(i) General Information. Promptly following any request therefor, (A) all documentation and other information that the Bank reasonably requests as necessary in order for it to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the USA Patriot Act, and (B) such other information regarding the operations, business affairs and financial condition of the Borrower, or compliance with the terms of the Loan Documents, as the Bank may reasonably request.

Section 6.2 Notice of Material Events.

The Borrower shall furnish to the Bank prompt written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Borrower or any Affiliate thereof that, if adversely determined, could in the good faith opinion of the Borrower be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event which could in the good faith opinion of the Borrower be expected to be material;

(d) any lapse, refusal to renew or extend or other termination of any material license, permit, franchise or other authorization issued to the Borrower by any Person or Governmental Authority; and

(e) any other development that results in, or could be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section 6.2 shall be accompanied by a statement of the Chief Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

Section 6.3 Existence; Conduct of Business.

The Borrower shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and do or cause to be done all things reasonably necessary to preserve, renew and keep in full force and effect the rights, licenses, permits, privileges, franchises, trademarks, copyrights and patents material to the conduct of its business.

Section 6.4 Payment of Obligations

The Borrower shall pay its obligations, including tax liabilities, before the same shall become delinquent, except where (i) the validity or amount thereof is being contested diligently and in good faith by appropriate proceedings, (ii) the Borrower has set aside on its books adequate reserves with respect thereto in accordance with GAAP and no notice of Lien with respect thereto has been filed or recorded and (iii) the failure to make payment pending such contest could not be expected to result in a Material Adverse Effect.

Section 6.5 Maintenance of Properties.

The Borrower shall keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted.

Section 6.6 Books and Records; Inspection Rights; Collateral Monitoring.

(a) The Borrower shall keep, in all material respects, proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities. The Borrower shall permit any representatives duly authorized and designated by the Bank, upon prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times during normal business hours and as often as reasonably requested; provided, however, that an authorized representative of the Borrower shall be entitled to be a party to such discussion with its independent accountants. The Bank and its agents may enter upon any of the Borrower's premises (prior to the occurrence of an Event of Default, upon reasonable prior notice to the Borrower) at any time during business hours and at any other reasonable time, and, from time to time, for the purpose of inspecting the Collateral and any and all records pertaining thereto and the operation of the Borrower's business.

(b) On prior notice from the Bank, the Borrower shall permit the Bank or any Related Party of the Bank to perform a field examination, Collateral analysis, Collateral audit or other business analysis or audit relating to the Borrower as the Bank may determine in its discretion, and the Borrower shall pay to the Bank, promptly after demand therefor all out-of-pocket costs and expenses reasonably incurred by the Bank in connection with any such examination, analysis, appraisal or audit.

(c) Absent an Event of Default, the Borrower shall only be required to pay for one inspection per year pursuant to this Section 6.6.

Section 6.7 Compliance with Laws.

The Borrower shall comply, in all material respects, with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its Property. Without limiting the generality of the foregoing and notwithstanding any limitation contained therein, the Borrower shall maintain all Educational Approvals and specialized accrediting agency approvals necessary to conduct its operations and offer its educational programs, except where the failure to maintain such Educational Approvals or specialized accrediting agency approvals could not reasonably be expected to result in a Material Adverse Effect.

Section 6.8 Use of Proceeds.

The proceeds of the Term Loan shall be used only for the partial refinance of existing Indebtedness of the Borrower owing to the Bank. The proceeds of the Delayed Draw Term Loan shall be used only to finance Capital Expenditures, investments in programs and facilities in the ordinary course of business, including marketing expenditures, all consistent with the Borrower's current business and in compliance with the terms hereof; provided, however, it is expressly understood and agreed that the proceeds of the Delayed Draw Term Loan shall not be used to fund acquisitions of any Person or purchase new facilities, except as permitted under Section 7.5(c). The proceeds of the Revolving Loans shall be used only for providing liquidity for short term working capital and other general corporate purposes of a short term nature and for the issuance of Letters of Credit, up to a sublimit amount for Letters of Credit of $10,000,000, required by the Borrower to support its normal operations in compliance with the terms hereof. The proceeds of the Line of Credit Loans shall be used only for providing liquidity on a 100% cash secured basis. No part of the proceeds of any of the Loans shall be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase, acquire or carry any Margin Stock or for any purpose that entails a violation of any of the regulations of the Board, including Regulation T, Regulation U and Regulation X.

Section 6.9 Information Regarding Collateral.

The Borrower shall furnish to the Bank prompt written notice of any change in (i) the legal name of any Borrower, (ii) the jurisdiction of organization of any Borrower, (iii) the location of the chief executive office of any Borrower, its principal place of business, any office in which it maintains books or records relating to Collateral owned or held by it or on its behalf or any office or facility at which Collateral owned or held by it or on its behalf is located (including the establishment of any such new office or facility), (iv) the identity or organizational structure of any Borrower, or (v) the organizational identification number or the Federal Taxpayer Identification Number of any Borrower. The Borrower shall not effect or permit any change referred to in the preceding sentence unless all filings have been made under the Uniform Commercial Code or otherwise that are required in order for the Bank to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral. The Borrower shall promptly notify the Bank if any material portion of the Collateral is damaged or destroyed.

Section 6.10 Insurance.

The Borrower shall maintain, with financially sound and reputable insurance companies, (i) adequate insurance for its insurable properties, all to such extent and against such risks, including fire, casualty, business interruption and other risks insured against by extended coverage, as is customary with companies in the same or similar businesses operating in the same or similar locations, and (ii) such other insurance as is required pursuant to the terms of any Security Document.

Section 6.11 Governmental Consents and Approvals.

The Borrower shall promptly obtain and use all efforts to keep in force and shall comply with all such approvals, consents, orders and authorizations by and licenses from, give all such notices to, register, enroll and file all such documents with, and take all such other actions with respect to, any Governmental Authority as may be required at any time or times under all laws, rules, regulations, orders and decrees applicable to and binding upon the Borrower or its properties, the failure of which to obtain, keep in force or comply with could reasonably be expected to have a Material Adverse Effect.

Section 6.12 Environmental Matters.

The Borrower shall take all actions reasonably necessary to comply in all material respects with all Environmental Laws applicable to it or its business, assets or properties, and shall not knowingly permit or suffer any violation of Environmental Laws by any third party lessee in connection with the lease of its assets or properties, which Environmental Laws, if violated, or which violation, as the case may be, could reasonably be expected to have a Material Adverse Effect.

Section 6.13 Employee Benefit Matters.

The Borrower shall (i) keep in full force and effect all Employee Benefit Plans, if any, which are presently in existence or may, from time to time, come into existence under ERISA, and not withdraw from or terminate any Employee Benefit Plans, unless such withdrawal can be effected or such Employee Benefit Plans can be terminated without material liability to the Borrower; (ii) except for any failure that is not material, make contributions to all Employee Benefit Plans in a timely manner and in a sufficient amount to comply with the standards of ERISA, including the minimum funding standards of ERISA; (iii) materially comply with all material requirements of ERISA which relate to such Employee Benefit Plans; (iv) notify the Bank immediately upon receipt by the Borrower of any notice concerning the imposition of any withdrawal liability or of the institution of any proceeding or other action which may result in the termination of any Employee Benefit Plans or the appointment of a trustee to administer such Employee Benefit Plans; (v) promptly after becoming aware thereof, advise the Bank of the occurrence of any material "Reportable Event" or material non-exempt "Prohibited Transaction" (as such terms are defined in ERISA), with respect to any Employee Benefit Plans; (vi) amend any Employee Benefit Plan (excluding any Multiemployer Plan) that is intended to be qualified within the meaning of the Code to the extent necessary to keep such Employee Benefit Plan qualified, and to cause such Employee Benefit Plan to be administered and operated in a manner that does not cause such Employee Benefit Plan to lose its qualified status; and (vii) not adopt any defined benefit plan or any defined contribution plan as defined under ERISA without the consent of the Bank, such consent not to be unreasonably withheld or delayed.

Section 6.14 Subsidiaries.

If any Subsidiary is formed or acquired after the Effective Date, the Borrower shall (i) notify the Bank in writing thereof within five (5) Business Days after the date on which such Subsidiary is formed or acquired, (ii) at the request of the Bank, (A) cause such Subsidiary to (I) execute and deliver a guaranty in form and substance satisfactory to the Bank or join as a co-borrower hereunder and (II) execute and deliver a security agreement in form and substance satisfactory to the Bank, in each case within ten (10) Business Days after the date on which such Subsidiary is formed or acquired, and (B) promptly take such actions to create and perfect Liens on such Subsidiary's assets to secure the Obligations as the Bank shall reasonably request and (iii) if any Capital Stock issued by any such Subsidiary are owned or held by or on behalf of the Borrower or any Subsidiary or any loans, advances or other debt is owed or owing by any such Subsidiary to the Borrower or any Subsidiary, cause such Capital Stock and promissory notes and other instruments evidencing such loans, advances and other debt to be pledged pursuant to the Security Agreement within ten (10) Business Days after the date on which such Subsidiary is formed or acquired.

Section 6.15 Further Assurances.

The Borrower shall execute any and all further documents, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, and other documents), that may be required under any applicable law, or which the Bank may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created or intended to be created by the Security Documents or the validity or priority of any such Lien, all at the expense of the Borrower. The Borrower shall provide to the Bank, from time to time upon request, evidence reasonably satisfactory to the Bank as to the perfection and priority of the Liens created or intended to be created by the Security Documents. Upon request by the Bank, the Borrower will execute any document or instrument that was erroneously not signed as of the Effective Date, and will amend or re-execute any document that was incorrectly drafted or executed by mistake on the part of the Bank and/or the Borrower, subject to the Borrower's agreement with the terms of any such amendment.

Section 6.16 Compensating Balances.

During the term of the Loans, the Borrower shall maintain with the Bank in one or more non-interest bearing accounts (such accounts at the determination of the Bank, and upon notice to the Borrower, from time to time) (not including any accounts pledged to the Bank pursuant to any Security Document; it being understood that funds in such pledged accounts shall not be included for purposes of determining the Required Balance) a minimum of $5,000,000, in quarterly average aggregate balances (the "Required Balance"). If in any calendar quarter the Required Balance is not maintained, a fee will be assessed equal to one quarter percent (0.25%) of the Required Balance (i.e., $12,500).

Section 6.17 Operating Account.

During the term of the Loans, the Borrower shall maintain its primary banking relationship and cash management services with the Bank. The Borrower authorizes the Bank to automatically and without further notice to charge the Borrower's account specified on Schedule 6.17 for all payments owing under the Loans. If the Borrower shall fail to maintain such accounts or shall discontinue the auto-charge for payments of principal, interest and fees due under any Loan or Letter of Credit, the Bank will increase the interest rate on all advances under the Loans as well as all Letter of Credit fees by one and one-half percent (1.50%). Notwithstanding the foregoing, the Borrower may maintain accounts at financial institutions in addition to the Bank, provided, however, that (i) the Borrower shall not open any additional depository accounts (other than those described in Schedule 6.17) and (ii) at no time shall the amounts maintained at other depository institutions exceed an aggregate amount of $500,000 for greater than 30 days. The Bank acknowledges that the Borrower currently maintains de minimus accounts at other financial institutions (as detailed in the Security Agreement) and the Bank hereby authorizes the Borrower to maintain such non-material accounts, provided the amounts on deposits in such accounts shall at no time exceed an aggregate amount of $500,000.

Section 6.18 Reappraisal.

The Borrower agrees to permit the Bank and its appraisers to have access to the Mortgaged Property, in order to obtain a current appraisal of the Mortgaged Property, at the sole cost and expense of the Borrower, once every two (2) years during the term of the Loans (but not prior to March 1, 2021) or at any time upon the occurrence of an Event of Default.

Section 6.19 Post-Closing Obligations.

The Borrower covenants and agrees to provide the Bank with the following, all in form and content reasonably satisfactory to the Bank, within the time periods set forth below, as applicable:

(a) Intellectual Property. Simultaneously with the execution and delivery of this Agreement, the Borrower has granted, pledged and assigned to the Bank a first lien on and security interest in and to the Intellectual Property pursuant to Security Documents in form and content reasonably satisfactory to the Bank. Within thirty (30) days after the Effective Date, the Borrower shall forward for recording with the Office of Patents and Trademarks or the United States Copyright Office, as applicable, all documentation reasonably and customarily required for purposes of perfecting said security interest in the Intellectual Property.

7. NEGATIVE COVENANTS.

The Borrower hereby covenants and agrees that so long as any of the Obligations remains unpaid:

Section 7.1 Limitation on Indebtedness.

(a) The Borrower shall not create, incur, assume or permit to exist any Indebtedness, except:

(i) Indebtedness to the Bank or any Affiliate of the Bank;

(ii) Intentionally omitted;

(iii) Intentionally omitted;

(iv) endorsement of items for deposit or collection received in the ordinary course of business;

(v) Intercompany Indebtedness from time to time owing by a Borrower to a Borrower or Subsidiary or by a Subsidiary to a Borrower or other Subsidiary;

(vi) Indebtedness incurred in the ordinary course of business under performance, surety, statutory or appeal bonds;

(vii) Indebtedness owed to any Person providing property, casualty, liability or other insurance to the Borrower, so long as the amount of such Indebtedness is not in excess of the amount of the unpaid cost of, and shall be incurred only to defer the cost of, such insurance for the year in which such Indebtedness is incurred and such Indebtedness is outstanding only during such year;

(viii) unsecured indebtedness incurred in respect of netting services, overdraft protection and other like services, in each case, incurred in the ordinary course of business;

(ix) accrual of interest, accretion or amortization of original issue discount, or the payment of interest in kind, in each case on Indebtedness that is otherwise permitted under this Section; and

(x) any other unsecured Indebtedness not to exceed $1,500,000 at any time outstanding, including any extensions, renewals or replacements of any such Indebtedness that do not increase the aggregate outstanding principal amount thereof.

(b) The Borrower shall not, except as permitted by Section 7.15, issue any Preferred Stock, or (ii) be or become liable in respect of any obligation (contingent or otherwise) to purchase, redeem, retire, acquire or make any other payment in respect of any shares of Capital Stock of the Borrower or any option, warrant or other right to acquire any such shares of Capital Stock.

Section 7.2 Limitation on Liens.

The Borrower shall not create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable, except as permitted under Section 7.6(c)) or rights in respect of any thereof, except:

(a) Liens created under the Security Documents or otherwise in favor of the Bank. Schedule 7.2 attached hereto sets forth a list of all presently filed UCC Financing Statements naming the Borrower, as Debtor, and the Bank, as Secured Party; it being expressly understood and agreed that such UCC Financing Statements continue to perfect the security interest in the collateral described therein;

(b) Intentionally omitted;

(c) Permitted Encumbrances;

(d) any Lien existing on any property or asset prior to the acquisition thereof by the Borrower, provided that (i) such Lien shall not apply to any other property or assets of the Borrower and (ii) such Lien shall secure only Indebtedness approved by the Bank and in any event only those obligations that are secured on the date of such acquisition, and any extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof; and

(e) Liens on fixed or capital assets acquired, constructed or improved by the Borrower, provided that (i) such Liens secure Indebtedness permitted by Section 7.1(a), (ii) such Liens and the Indebtedness secured thereby are incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement, (iii) the Indebtedness secured thereby does not exceed the cost of acquiring, constructing or improving such fixed or capital assets and (iv) such Liens shall not apply to any other property or assets of the Borrower.

Section 7.3 Lease Obligations.

The Borrower shall not create, incur, assume, or permit to exist any obligation as lessee for the rental or hire of any real or personal property, except operating leases and/or Capital Leases consistent with past practices which do not in the aggregate require the Borrower to make payments (including taxes, insurance, maintenance, and similar expenses which the Borrower is required, in the aggregate, to pay under the terms of any lease) in any Fiscal Year in excess of $1,000,000, except pursuant to the terms of leases in effect as of the Effective Date which are detailed on Schedule 7.3.

Section 7.4 Fundamental Changes.

The Borrower shall not:

(a) except as permitted hereunder, without the consent of the Bank, sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all of its assets, or any of the Capital Stock of any of its Subsidiaries, if any (in each case, whether now owned or hereafter acquired); it being expressly understood that, with the exception of the sale or transfer of Capital Stock of Parent, as a public company, no sale or transfer of Capital Stock in any other Borrower is permitted;

(b) merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, except for any merger between Borrowers, provided that the Parent must be the surviving entity of any such merger to which it is a party;

(c) liquidate, wind up, or dissolve itself (or suffer any liquidation or dissolution) or any of its Subsidiaries, except for (i) the liquidation or dissolution of non-operating Subsidiaries of the Borrower with nominal assets and nominal liabilities and (ii) the liquidation or dissolution of a Borrower (other than Parent) so long as all of the assets (including any interest in any Capital Stock) of such liquidating or dissolving Borrower are transferred to another Borrower that is not liquidating or dissolving;

(d) engage to any material extent in any business other than businesses of the type conducted by the Borrower on the Effective Date and businesses or activities that are substantially similar or related thereto; or

(e) suspend or discontinue operations of any material portion of the business of the Borrower, without the consent of the Bank, except as permitted pursuant to clauses (a) or (b) above or in connection with the transactions permitted pursuant to Section 7.6.

Section 7.5 Investments, Loans, Advances, Guarantees and Acquisitions.

The Borrower shall not purchase, hold or acquire (including pursuant to any merger) any Capital Stock, evidences of Indebtedness or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions (including pursuant to any merger)) any assets of any other Person constituting a business unit, or purchase, hold or acquire any "derivative" (other than a Swap Agreement permitted by Section 7.8), except:

(a) Permitted Investments;

(b) extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit on customary terms in the ordinary course of business; and

(c) one or more acquisitions of a business or entity operating a business, in either case, consistent with the Borrower's current business, not to exceed $5,000,000 in any single transaction or in the aggregate of all transactions at any time during the term of the Loans, so long as prior to consummating any such acquisition, (i) no Default or Event of Default shall have occurred and be continuing, (ii) the business or entity operating the business to be acquired is consistent with the Borrower's current business or otherwise of a type that is permitted under Section 7.4(d), (iii) the unadjusted EBITDA of the business or entity being acquired for the 12 month period prior to the acquisition shall have been positive, (iv) the acquisition is paid for by the Borrower's cash on hand or from proceeds of the Delayed Draw Term Loan, (v) the acquisition of the business or entity is approved by the requisite affirmative vote of the holders of the Capital Stock of the target entity and is not a hostile takeover, and (vi) the Bank shall have received detailed projections for the 24 month period following the acquisition evidencing pro forma compliance with the financial covenants set forth in Section 7.18, to the Bank's satisfaction.

Section 7.6 Asset Sales.

The Borrower shall not sell, transfer, lease or otherwise dispose (including pursuant to a merger) of any asset, including any Capital Stock, except:

(a) sales, transfers and other dispositions of inventory, used or surplus equipment, intellectual property, Permitted Investments, tangible personal property that, in the reasonable business judgment of the Borrower has become obsolete or worn out, in each case in the ordinary course of business;

(b) sales, transfers and other dispositions of property of the Borrower and its Subsidiaries to one another;

(c) so long as no Default has occurred and is continuing or would arise as a result thereof, sales of delinquent notes or accounts receivable in the ordinary course of business for purposes of collection only (and not for the purpose of any bulk sale or securitization transaction);

(d) licenses, sublicenses or subleases granted to others not interfering in any material respect with the business of the Borrower and its Subsidiaries;

(e) the lease of unutilized portions of Mortgaged Property, not in excess of ten percent (10%) of the total square footage of any Mortgaged Property, so long as such lease is at arm's length and at market rents;

(f) the making of Permitted Investments;

(g) the sale or issuance of Capital Stock of Parent permitted by Section 7.15; and

(h) the arms-length sale by the Borrower of any school or associated business operations identified on Schedule 7.6(h) so long as prior to consummating any such sale, (i) no Default or Event of Default shall have occurred and be continuing and (ii) the Bank shall have received detailed projections for the 24 month period following the sale evidencing pro forma compliance with the financial covenants set forth in Section 7.18, to the Bank's satisfaction.

Section 7.7 Sale and Leaseback Transactions.

The Borrower shall not enter into any Sale and Leaseback Transaction.

Section 7.8 Swap Agreements.

The Borrower shall not enter into any Swap Agreement, other than Swap Agreements entered into with the Bank in the ordinary course of business to hedge or mitigate risks to which the Borrower is exposed in the conduct of its business or the management of its liabilities.

Section 7.9 Restricted Payments; Permitted Dividends.

The Borrower shall not make any Restricted Payments. Notwithstanding the foregoing, so long as no Default or Event of Default shall have occurred and be continuing, the Parent may declare and pay dividends in kind (including in the form of increases in the stated value of the Series A Preferred Stock) and dividends in cash (not to exceed an aggregate of $1,700,000 in cash dividends for the first 24 months following the Effective Date); provided, however, cash dividends may only be paid on the Series A Preferred Stock.

Section 7.10 Transactions with Affiliates.

The Borrower shall not sell, transfer, lease or otherwise dispose (including pursuant to a merger) any property or assets to, or purchase, lease or otherwise acquire (including pursuant to a merger) any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except:

(a) transactions between the Borrower and any Affiliate of the Borrower so long as such transactions are at prices and on terms and conditions not less favorable, taken as a whole, to the Borrower than could be obtained on an arm's length basis from unrelated third parties;

(b) so long as it has been approved by the Borrower's board of directors (or comparable governing body) in accordance with applicable law, any indemnity provided for the benefit of directors (or comparable managers) of the Borrower;

(c) so long as it has been approved by the Borrower's board of directors (or comparable governing body) in accordance with applicable law, the payment of reasonable compensation, severance, or employee benefit arrangements to employees, officers, and outside directors of the Borrower and its Subsidiaries in the ordinary course of business and consistent with industry practice, including the issuance of Capital Stock of Parent pursuant to the terms of employee equity incentive plans and other compensation arrangements (and cash payments and/or the forfeiture of shares of Capital Stock in connection with the exercise of options and the vesting of Capital Stock awards made pursuant to employee equity incentive plans and other compensation arrangements in order to satisfy related employee income tax obligations); and

(d) transactions permitted by Section 7.4.

Section 7.11 Restrictive Agreements.

The Borrower shall not directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon the ability of the Borrower to create, incur or permit to exist any Lien upon any of its property or assets, provided that (i) the foregoing shall not apply to restrictions and conditions imposed by law or by this Agreement or any other Loan Document, (ii) the foregoing shall not apply to restrictions and conditions contained in purchase money mortgages or Capital Leases permitted by this Agreement (in which cases, any prohibition or limitation shall only be effective against the assets financed thereby) and (iii) this Section 7.11 shall not apply to customary provisions in leases or other similar agreements restricting the assignment thereof or customary conditions contained in any agreement relating to the sale of any property permitted under Section 7.6 pending the consummation of such sale.

Section 7.12 Amendment of Material Documents.

Except as specifically permitted herein, the Borrower shall not amend or otherwise modify, or waive any material provision of the Organizational Documents of the Borrower in any way which might reasonably be expected to have a Material Adverse Effect.

Section 7.13 ERISA Obligations

The Borrower shall not permit any condition to exist in connection with any Pension Plans which might constitute grounds for the PBGC to institute proceedings to have the Pension Plan terminated or a trustee appointed to administer the Pension Plan. The Borrower and any ERISA Affiliate shall not engage in or permit to exist or occur, any other condition, event, or transaction with respect to any Pension Plan which could result in the Borrower incurring any material liability, fine, or penalty.

Section 7.14 Subsidiaries

The Borrower shall not create or acquire any Subsidiary after the Effective Date unless the Borrower has complied with Section 6.14.

Section 7.15 Issuance of Capital Stock/Preferred Stock

(a) Except for the issuance or sale of common stock or Permitted Preferred Stock by the Parent, the Borrower shall not: (i) authorize, issue, or agree to issue any additional Capital Stock; (ii) make any material change in its capital structure, or (iii) amend the Preferred Stock Transaction Documents in such a way that would cause or permit the Borrower to take any action or not take any action that would result in a Default or Event of Default.

(b) The Preferred Stock Transaction shall be on terms satisfactory to the Bank and the Preferred Stock Transaction Documents shall not permit the issuance of any additional Series A Preferred Stock after the Preferred Stock Transaction has closed.

(c) Until all of the Obligations are indefeasibly paid in full (other than contingent indemnification obligations as to which no claim has been made) and notwithstanding anything contained in the Preferred Stock Transaction Documents to the contrary, the Parent shall not repurchase or redeem any of the Series A Preferred Stock.

Section 7.16 Prepayments of Indebtedness.

The Borrower shall not prepay or obligate itself to prepay any Indebtedness, other than Indebtedness under this Agreement.

Section 7.17 Fiscal Year.

The Borrower shall not change its fiscal year from a fiscal year ending on December 31.

Section 7.18 Financial Covenants.

The Borrower will not at any time or during any fiscal period (as applicable) fail to be in compliance with any of the following financial covenants:

(a) Maximum Funded Debt to Adjusted EBITDA Ratio.

(i) The Borrower shall maintain a maximum Funded Debt to Adjusted EBITDA ratio of not greater than 2.50 to 1.00 for the Fiscal Quarter ending September 30, 2019 and for each Fiscal Quarter thereafter to and including the Fiscal Quarter ending December 31, 2021. Thereafter, throughout the remaining term of the Loans, the Borrower shall maintain a maximum Funded Debt to Adjusted EBITDA ratio of not greater than 2.00 to 1.00.

(ii) Compliance with this covenant shall be tested quarterly on a trailing twelve (12) month basis commencing with the Fiscal Quarter ending September 30, 2019, and for each Fiscal Quarter thereafter.

(b) Capital Expenditures. The Borrower will not make unfunded Capital Expenditures during any Fiscal Year, tested annually at each Fiscal Year end, in excess of (i) $6,000,000 for the Fiscal Year ending 2019, (ii) $7,600,000 for the Fiscal Year ending 2020 and (iii) $7,500,000 for each Fiscal Year thereafter, without the prior written approval of the Bank.

(c) Minimum Consolidated Tangible Net Worth.

(i) The Borrower shall not permit the Consolidated Tangible Net Worth for any Fiscal Quarter at any time during the term of the Loans to be less than the Required Level, which shall be calculated as of each Fiscal Quarter end commencing with the Fiscal Quarter ending September 30, 2019. As used herein, the term "Required Level" shall mean an amount equal to the sum of (i) an amount equal to 80% of the Consolidated Tangible Net Worth calculated in accordance with GAAP and determined as of June 30, 2019, plus (ii) an amount equal to 50% of the Consolidated Net Income earned in each Fiscal Quarter ending after June 30, 2019 (with no deduction for a Net Loss in any such Fiscal Quarter ending after June 30, 2019 and as determined in accordance with GAAP as reported in each unaudited quarterly consolidated financial statement of the Borrower and in each audited annual consolidated financial statement of the Borrower), plus (iii) an amount equal to 85% of any aggregate increases in stockholders' equity as reflected on the consolidated balance sheets of the Borrower and Subsidiaries after June 30, 2019 by reason of the issuance and sale of Capital Stock of the Borrower or any Subsidiary, inclusive of any increase in such stockholders' equity associated with stock based compensation net of shares elected to be sold to satisfy tax obligations arising from the vesting of stock based compensation, minus (iv) all dividends reflected on the consolidated statement of changes in stockholders' equity of the Borrower and Subsidiaries determined in accordance with GAAP. Notwithstanding the foregoing, the sum of the Required Level calculated for the Fiscal Quarter ending June 30, 2020 and the Fiscal Quarter ending June 30, 2021 shall each be reduced by $500,000 for purposes of determining compliance with this covenant; it being expressly understood and agreed that the $500,000 reduction shall only apply to the calculation of the Required Level for the Fiscal Quarters ending June 30, 2020 and June 30, 2021.

(ii) Compliance with this covenant shall be tested quarterly.

(d) Minimum Fixed Charge Coverage Ratio. The Borrower shall have as of the end of each Fiscal Quarter a ratio of (1) trailing 12 months Adjusted EBITDA, to (2) Fixed Charge, as set forth in the chart below:

For the Fiscal Quarter Ending	A Minimum Fixed Charge Coverage Ratio of not less than
September 30, 2019	1.25 to 1
December 31, 2019	1.25 to 1
March 31, 2020	1.10 to 1
June 30, 2020	1.00 to 1
September 30, 2020	1.00 to 1
December 31, 2020	1.20 to 1
March 31, 2021 and thereafter	1.35 to 1

As used herein, the term "Fixed Charge" means, for any period, the sum of (a) all principal payments required to be made by the Borrower under the Term Loan for the next succeeding 12 months based on a straight line amortization basis (i.e., equal principal payments) over a 120 month period plus accrued interest thereon for such period, plus (b) the greater of (i) hypothetically during the Delayed Draw Availability Period, 50% of all future principal and interest payments that would be due by the Borrower for the next succeeding 12 months based on the full amount of the Delayed Draw Term Loan amortized on a straight line basis (i.e., equal principal payments) over a 120 month period using a hypothetical interest rate of 5.9% per annum, thereafter using the interest rate provided in Section 3.1.A(b) or (ii) all actual annualized principal and interest payments paid by Borrower under the Delayed Draw Term Loan for the test period based on a straight line amortization basis (i.e., equal principal payments) over a 120 month period, plus trailing 12 months (c) cash dividends declared, plus (d) Capital Expenditures, plus (e) all Income Taxes paid by the Borrower, all determined in accordance with GAAP.

Section 7.19 Cross-Default; Cross-Collateralization.

It is expressly understood and agreed that the Obligations are cross-defaulted and cross-collateralized with the Swap Obligations. Accordingly:

(a) all Collateral pledged as security for the Obligations shall also be deemed to secure all Swap Obligations on a parity lien basis. Conversely, all collateral pledged as security for the Swap Obligations shall also be deemed to secure the Obligations on a parity lien basis;

(b) the occurrence of an Event of Default under any Loan Document shall automatically and immediately constitute an Event of Default under all Swap Obligations (without the giving of any further notice or the expiration of any cure period). Conversely, the occurrence of an event of default under any of the Swap Obligations after the expiration of any applicable notice, grace or cure period shall automatically and immediately constitute an Event of Default under the Loan Documents.

8. DEFAULT.

Section 8.1 Events of Default.

Each of the following shall constitute an "Event of Default" hereunder:

(a) the Borrower shall fail to pay any principal when and as the same shall become due and payable; or

(b) the Borrower shall fail to pay any interest on any Obligation or any fee, or any other amount payable under any Loan Document, when and as the same shall become due and payable; or

(c) any statement, representation or warranty made or deemed made by or on behalf of any Borrower in or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect or misleading (whether because of misstatement or omission) in any material respect when made or deemed made; or

(d) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 6.1, Section 6.3, Section 6.8, Section 6.9, Section 6.10, Section 6.14, 6.19 or in Article 7; or

(e) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement or any other Loan Document to which it is a party (other than those specified in clauses (a), (b) or (d) of this Section 8.1), and such failure is not cured within any specified time period herein or therein, and if no such time period is so specified, such failure shall continue unremedied for a period of thirty (30) days after notice thereof shall have been given by the Bank to the Borrower; or

(f) a Borrower shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness after giving effect to any applicable cure period , when and as the same shall become due and payable, and such failure results in a right by the obligee of the Material Indebtedness to accelerate the maturity of such Borrower's obligations thereunder; or

(g) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; or

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or its debts, or of a substantial part of its assets, under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered; or

(i) the Borrower shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Section 8.1, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing; or

(j) the Borrower shall become unable, admit in writing its inability or fail generally, to pay its debts as they become due; or

(k) if any Borrower is comprised of a trust, if the trust is revoked or otherwise terminated or all or a substantial part of the Borrower's assets are distributed or otherwise disposed of; or

(l) one or more arbitration awards, judgments, or decrees or order for the payment of money in an aggregate amount in excess of $1,000,000 (except to the extent fully covered by insurance pursuant to which the insurer has not denied coverage) shall be rendered against the Borrower and the same shall remain undischarged, unvacated, unbonded or unstayed for a period of forty-five (45) consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Borrower to enforce any such judgment; or

(m) any license, franchise, permit, right, approval or agreement of the Borrower is not renewed, or is suspended, revoked or terminated and the non-renewal, suspension, revocation or termination thereof would have a Material Adverse Effect; or

(n) the Borrower shall withdraw from or terminate any Pension Plan in violation of the covenant set forth in Section 6.13 (i); or any other ERISA Event occurs which the Bank determines could reasonably be expected to result in a Material Adverse Effect; or

(o) an Event of Default as defined in any of the other Loan Documents shall occur; or

(p) any Loan Document shall cease, for any reason, to be in full force and effect, or any Borrower shall so assert in writing or shall disavow any of its obligations thereunder; or

(q) any Lien purported to be created under any Security Document shall cease to be, or shall be asserted by any Borrower not to be, a valid and perfected Lien on any Collateral, with the priority required by the applicable Security Document; or

(r) the occurrence of such a change in the condition, affairs (financial or otherwise) or operations of any Borrower, or the occurrence of any other event or circumstance, such that the Bank, in its good faith and reasonable discretion, deems that it is insecure or that the prospects for timely or full payment or performance of any Obligation to the Bank has been impaired in any material respect; or

(s) the Borrower shall fail to maintain all Educational Approvals and specialized accrediting agency approvals necessary to conduct its operations and offer its educational programs, or in order to maintain such approvals, the Borrower has to post a letter of credit, or fails to comply with any Educational Agency requirements, any of which occurrence either results in, or could reasonably be expected to have a, Material Adverse Effect, and such failure remains uncured or such letter of credit remains outstanding for a period of thirty (30) days thereafter;

(t) a “default”, “Event of Default” or “Termination Event” under any Swap Agreement shall occur; or

(u) any payment is made by the Borrower to the Holders under the Preferred Stock Transaction Documents prior to the indefeasible repayment in full of all Obligations and the cancellation of all Letters of Credit, except as contemplated by Section 7.9.

Section 8.2 Contract Remedies.

(a) Upon the occurrence of an Event of Default or at any time thereafter during the continuance thereof, (i) in the case of an Event of Default specified in clauses (h) or (i) of Section 8.1, without declaration or notice to the Borrower, the Loans shall immediately and automatically terminate, and the Loans, any draws on the Letters of Credit, all accrued and unpaid interest thereon and all other amounts owing under the Loan Documents shall immediately become due and payable, and (ii) in all other cases, the Bank may, by notice to the Borrower, declare the Loans and the Letters of Credit to be terminated forthwith, whereupon such Loans and any outstanding Letters of Credit shall immediately terminate, or declare the Loans, any outstanding Letters of Credit, all accrued and unpaid interest thereon and all other amounts owing under the Loan Documents to be due and payable forthwith, whereupon the same shall immediately become due and payable forthwith.

(b) In the event that the Loans, any draws on the Letters of Credit, all accrued and unpaid interest thereon and all other amounts owing under the Loan Documents shall have been declared due and payable pursuant to the provisions of Section 8.2(a), the Bank (i) may enforce its rights as the holder of the Notes by suit in equity, action at law and/or other appropriate proceedings, whether for payment or the specific performance of any covenant or agreement contained in the Loan Documents and (ii) may exercise any and all rights and remedies provided to the Bank by the Loan Documents and applicable law. Except as otherwise expressly provided in the Loan Documents, the Borrower expressly waives presentment, demand, protest and all other notices of any kind in connection with the Loan Documents. The Borrower hereby further expressly waives and covenants not to assert any appraisement, valuation, stay, extension, redemption or similar laws, now or at any time hereafter in force which might delay, prevent or otherwise impede the performance or enforcement of any Loan Document.

(c) In the event that the Loans, all accrued and unpaid interest thereon and all other amounts owing under the Loan Documents shall have been declared due and payable pursuant to the provisions of this Section, any funds received by the Bank from or on behalf of the Borrower shall be applied by the Bank in liquidation of the Loans and the other obligations of the Borrower under the Loan Documents in such order and manner as the Bank determines in its sole discretion, any statute, custom or usage to the contrary notwithstanding.

Section 8.3 Nonexclusive Remedies.

All of the Bank's rights and remedies not only under the provisions of this Agreement but also under any other agreement or transaction shall be cumulative and not alternative or exclusive, and may be exercised by the Bank at such time or times and in such order of preference as the Bank in its sole discretion may determine.

9. OTHER PROVISIONS.

Section 9.1 Modifications; Consents and Waivers; Entire Agreement.

No modification or waiver of or with respect to any provision of this Agreement, the Notes, and all other agreements, instruments and documents delivered pursuant hereto or thereto, nor consent to any departure by the Borrower from any of the terms or conditions thereof, shall in any event be effective unless it shall be in writing and signed by the Bank and the Borrower, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Borrower (not otherwise required by the terms hereof) shall, of itself entitle the Borrower to any other or further notice or demand in similar or other circumstances. This Agreement embodies the entire agreement and understanding between the Bank and the Borrower and supersedes all prior agreements and understandings relating to the subject matter hereof.

Section 9.2 Notices.

Except in the case of notices and other communications expressly permitted to be given by telephonic or electronic communications, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, or mailed by certified or registered mail, as follows:

The Borrower:

Lincoln Educational Services Corporation
200 Executive Drive
West Orange, New Jersey 07052
Attention: Brian K. Meyers, CFO

with a copy to:

McCarter & English LLP
100 Mulberry Street
Four Gateway Center
Newark, New Jersey 07102-4096
Attention: Michele Vaillant, Esq.

The Bank:

Sterling National Bank
61 South Paramus Road
Paramus, New Jersey 07652
Attention: Commercial Loan Department

with a copy to:

Windels Marx Lane & Mittendorf, LLP
120 Albany Street
New Brunswick, New Jersey 08901
Attention: Kevin T. McNamara, Esq.

Any notice, request, demand or other communication hereunder shall be deemed to have been given on: (x) the day on which it is delivered by receipted hand or such commercial messenger service or nationally recognized overnight courier service to such party at its address specified above, or (y) on the third Business Day after the day deposited in the mail, postage prepaid, if sent by mail. Any party hereto may change the Person or address to whom or which notices are to be given hereunder, by notice duly given hereunder; provided that any such notice shall be deemed to have been given hereunder only when actually received by the party to which it is addressed.

Section 9.3 No Waiver; Cumulative Remedies.

No failure to exercise and no delay in exercising, on the part of the Bank, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right.

Section 9.4 Survival of Representations and Warranties and Certain Obligations.

All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Bank and shall survive the execution and delivery of any Loan Document and the making of any Loan**,** regardless of any investigation made by the Bank or on its behalf and notwithstanding that the Bank may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under the Loan Documents is outstanding and unpaid and so long as the Revolving Loan or the Line of Credit Loan has not expired or terminated. The provisions of Sections 3.4, 3.5, 3.6 and 9.5 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans and the termination of the Revolving Loan, the Line of Credit Loan or the termination of this Agreement or any provision hereof.

Section 9.5 Costs; Expenses and Taxes; Indemnification.

(a) The Borrower shall pay (i) all out-of-pocket expenses incurred by the Bank and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Bank, in connection with preparation and administration of this Agreement or any amendments, modifications or waivers of the provisions of any Loan Document (whether or not the transactions contemplated thereby shall be consummated) and (ii) all expenses incurred by the Bank, including the reasonable fees, charges and disbursements of any counsel (including any in-house counsel, whether or not on an out-of-pocket basis) for the Bank, in connection with the enforcement or protection of its rights in connection with the Loan Documents, including its rights under this Section 9.5, or in connection with the Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or during any proceeding under any federal, state or foreign bankruptcy, insolvency, reorganization, receivership or similar law now or hereafter in effect.

(b) The Borrower shall indemnify the Bank and its Related Parties (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of any Loan Document or any agreement or instrument contemplated thereby, the performance by the parties to the Loan Documents of their respective obligations thereunder or the consummation of the Transactions, (ii) any Loans or the use of the proceeds, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower, or any Environmental Liability related in any way to the Borrower or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(c) To the extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, any Loan Document or any agreement, instrument or other document contemplated thereby, the Transactions or any Loan or the use of the proceeds thereof.

(d) All amounts due under this Section 9.5 shall be payable promptly but in no event later than thirty days after written demand therefor.

Section 9.6 Successors and Assigns; Participation; Pledge.

(a) This Agreement shall be binding upon and inure to the benefit of the Borrower, the Bank, all future holders of the Notes and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights under this Agreement without prior written consent of the Bank.

(b) The Bank shall have the right at any time or from time to time to assign all or any portion of its rights and obligations hereunder to one or more banks or other financial institutions (each, an "Assignee"). The Borrower agrees that, upon written request of the Bank, it shall execute or cause to be executed, such documents, including, without limitation, amendments to this Agreement and to any other documents, instruments and agreements executed in connection herewith as the Bank shall deem necessary to effect the foregoing. In addition, at the request of the Bank and any such Assignee, the Borrower shall issue one or more new promissory notes, as applicable, to any such Assignee and, if the Bank has retained any of its rights and obligations hereunder following such assignment, to the Bank, which new promissory notes shall be issued in replacement of, but not in discharge of, the liability evidenced by the promissory note held by the Bank prior to such assignment and shall reflect the amount of the respective facilities and loans held by such Assignee and the Bank after giving effect to such assignment. Upon the execution and delivery of appropriate assignment documentation, amendments and any other documentation required by the Bank in connection with such assignment, and the payment by the Assignee of the purchase price agreed to by the Bank, and such Assignee, such Assignee shall be a party to this Agreement and shall have all of the rights and obligations of the Bank hereunder (and under any and all other guaranties, documents, instruments and agreements executed in connection therewith) to the extent that such rights and obligations have been assigned by the Bank pursuant to the assignment documentation between the Bank and such Assignee, and the Bank shall be released from its obligations hereunder and thereunder to a corresponding extent. The Bank may furnish any information concerning the Borrower in its possession from time to time to prospective Assignees, provided that the Bank shall require any such prospective Assignees to agree in writing to maintain the confidentiality of such information pursuant to a confidentiality agreement reasonably acceptable to the Borrower.

(c) The Bank shall have the unrestricted right at any time and from time to time, and without the consent of, or notice to, the Borrower, to grant to one or more banks or other financial institutions (each, a "Participant") participating interests in the Bank's obligation to lend hereunder and/or any or all of the Loans held by the Bank hereunder. In the event of any such grant by the Bank of a participating interest to a Participant, whether or not upon notice to the Borrower, the Bank shall remain responsible for the performance of its obligations hereunder and the Borrower shall continue to deal solely and directly with the Bank in connection with the Bank's rights and obligations hereunder. The Bank may furnish any information concerning the Borrower in its possession from time to time to prospective Participants, provided that the Bank shall require any such prospective Participant to agree in writing to maintain the confidentiality of such information pursuant to a confidentiality agreement reasonably acceptable to the Borrower.

(d) The Bank may at any time pledge all or any portion of its rights under the Loan Documents including any portion of the Notes to any Federal Reserve Banks organized under section 4 of the Federal Reserve Act, 12 U.S.C. Section 341. No such pledge or enforcement thereof shall release the Bank from its obligations under any of the Loan Documents.

Section 9.7 Counterparts; Integration.

This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which, when taken together, shall constitute but one contract. This Agreement and any separate letter agreements with respect to fees payable to the Borrower constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Delivery of an executed counterpart of this Agreement by facsimile transmission or other electronic means shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 9.8 Set-off.

If an Event of Default shall have occurred and be continuing, the Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to setoff and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by it to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower now or hereafter existing under this Agreement held by it, irrespective of whether or not it shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of the Bank under this Section 9.8 are in addition to other rights and remedies (including other rights of setoff) that it may have.

Section 9.9 Construction.

Each party to a Loan Document represents that it has been represented by counsel in connection with the Loan Documents and the transactions contemplated thereby and agrees that the principle that agreements are to be construed against the party drafting the same shall be inapplicable.

Section 9.10 Governing Law; Jurisdiction; Consent to Service of Process.

(a) This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New Jersey, without giving effect to the conflicts of laws principles thereof.

(b) Each party to this Agreement hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the State of New Jersey sitting in Bergen County and the United States District Court for the District of New Jersey, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each party hereby irrevocably and unconditionally agrees that, to the extent permitted by applicable law, all claims in respect of any such action or proceeding may be heard and determined in such New Jersey State or, to the extent permitted by applicable law, in such Federal court. Each party to this Agreement agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party hereto may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents in the courts of any jurisdiction.

(c) Each party to this Agreement hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any court referred to in Section 9.10(b). Each party to this Agreement hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.2. Nothing in this Agreement will affect the right of any party to serve process in any other manner permitted by law.

Section 9.11 Headings Descriptive.

Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

Section 9.12 Severability.

In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 9.13 WAIVER OF TRIAL BY JURY.

EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. 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 HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 9.14 Interest Rate Limitation.

Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts that are treated as interest on such Loan under applicable law (collectively the "charges"), shall exceed the maximum lawful rate (the "maximum rate") that may be contracted for, charged, taken, received or reserved by the Bank in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all of the charges payable in respect thereof, shall be limited to the maximum rate and, to the extent lawful, the interest and the charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section 9.14 shall be cumulated, and the interest and the charges payable to the Bank in respect of other Loans or periods shall be increased (but not above the maximum rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by the Bank.

Section 9.15 Marshaling; Payments Set Aside.

The Bank shall not be under any obligation to marshal any assets in favor of the Borrower or any other Person or against or in payment of any or all of the Obligations. To the extent that the Borrower makes a payment or payments to the Bank, or the Bank enforces its Liens or exercises its rights of setoff, and such payment or payments or the proceeds of such enforcement or setoff or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Bank in its discretion) to be repaid to a trustee, receiver or any other party in connection with any proceeding under any federal, state or foreign bankruptcy, insolvency, reorganization, receivership or similar law now or hereafter in effect, or otherwise, then, to the extent of such recovery, the Obligations or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

Section 9.16 No Third Parties Benefited.

This Agreement is made and entered into for the sole protection and legal benefit of the Borrower and the Bank, and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents. The Bank shall not have any obligation to any Person not a party to this Agreement or other Loan Documents.

Section 9.17 OFAC; Bank Secrecy Act; USA Patriot Act.

(a) The Borrower shall (i) ensure that no person who owns a controlling interest in or otherwise controls the Borrower is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by OFAC, the Department of the Treasury or included in any Executive Orders of the President of the United States of America ("Executive Orders"), that prohibits or limits the Bank from making any advance or extension of credit to the Borrower or from otherwise conducting business with the Borrower, and (ii) ensure that the proceeds of the Loans shall not be used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto. Further, the Borrower shall comply, and cause its Subsidiaries to comply, with all applicable Bank Secrecy Act laws and regulations, as amended.

(b) The Bank hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Bank to identify the Borrower in accordance with the USA Patriot Act.

Section 9.18 Co-Borrower Provisions.

(a) The Obligations are the joint and several obligation of each Borrower. To the fullest extent permitted by applicable law, the obligations of each Borrower hereunder shall not be affected by (i) the failure of the Bank to assert any claim or demand or to enforce or exercise any right or remedy against any other Borrower under the provisions of this Agreement, any other Loan Document or under applicable law, (ii) any rescission, waiver, amendment or modification of, or any release of any Borrower from, any of the terms or provisions of, this Agreement or any other Loan Document, or (iii) the failure to perfect any security interest in, or the release of, any of the Collateral or other security held by or on behalf of the Bank.

(b) The obligations of each Borrower to pay the Obligations in full hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (other than the payment in full in cash of the Obligations after the termination of any obligation of the Bank to any Borrower under any Loan Document), including any claim of waiver, release, surrender, alteration or compromise of any of the Obligations, and shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of any of the Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Borrower hereunder shall not be discharged or impaired or otherwise affected by the failure of the Bank to assert any claim or demand or to enforce any remedy under this Agreement, any other Loan Document or any other agreement, by any waiver or modification of any provision of any thereof, any default, failure or delay, willful or otherwise, in the performance of any of the Obligations, or by any other act or omission that may or might in any manner or to any extent vary the risk of any Borrower or that would otherwise operate as a discharge of any Borrower as a matter of law or equity (other than the payment in full in cash of all the Obligations after termination of any obligation of the Bank to any Borrower under any Loan Document).

(c) To the fullest extent permitted by applicable law, other than mandatory counterclaims, each Borrower waives any defense based on or arising out of any defense of any other Borrower or the unenforceability of the Obligations or any part thereof from any cause, or the cessation from any cause of the liability of any other Borrower, other than the payment in full in cash of all the Obligations after the termination of any obligation of the Bank to any Borrower under any Loan Document. The Bank may, at its election, foreclose on any security held by it by one or more judicial or nonjudicial sales, accept an assignment of any such security in lieu of foreclosure, compromise or adjust any part of the Obligations, make any other accommodation with any Borrower, or exercise any other right or remedy available to it against any Borrower, without affecting or impairing in any way the liability of any Borrower hereunder except to the extent that all the Obligations have been indefeasibly paid in full in cash and performed in full after the termination of any obligation of the Bank to any Borrower under any Loan Document. Pursuant to applicable law, each Borrower waives any defense arising out of any such election even though such election operates, pursuant to applicable law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of such Borrower against any other Borrower, as the case may be, or any security.

(d) Except as otherwise specifically provided herein, each Borrower is obligated to repay the Obligations as joint and several obligors under this Agreement. Upon payment by any Borrower of any Obligations, all rights of such Borrower against any other Borrower arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subordinate and junior in right of payment to the prior payment in full in cash of all the Obligations and the termination of any obligations of the Bank to any Borrower under any Loan Document. If any amount shall erroneously be paid to any Borrower on account of (i) such subrogation, contribution, reimbursement, indemnity or similar right or (ii) any such indebtedness of any Borrower, such amount shall be held in trust for the benefit of the Bank and shall forthwith be paid to the Bank to be credited against the payment of the Obligations, whether matured or unmatured, in accordance with the terms of this Agreement and the other Loan Documents.

(e) Each Borrower hereby agrees to keep each other Borrower fully apprised at all times as to the status of its business, affairs, finances, and financial condition, and its ability to perform its Obligations under the Loan Documents, and in particular as to any adverse developments with respect thereto. Each Borrower hereby agrees to undertake to keep itself apprised at all times as to the status of the business, affairs, finances, and financial condition of each other Borrower, and of the ability of each other Borrower to perform its Obligations under the Loan Documents, and in particular as to any adverse developments with respect to any thereof. Each Borrower hereby agrees, in light of the foregoing mutual covenants to inform each other, and to keep themselves and each other informed as to such matters, that the Bank shall have no duty to inform any Borrower of any information pertaining to the business, affairs, finances, or financial condition of any other Borrower, or pertaining to the ability of any other Borrower to perform its Obligations under the Loan Documents, even if such information is adverse, and even if such information might influence the decision of one or more of the Borrower to continue to be jointly and severally liable for, or to provide Collateral for, the Obligations of one or more of each other Borrower. To the fullest extent permitted by applicable law, each Borrower hereby expressly waives any duty by the Bank to inform any Borrower of any such information.

Section 9.19 Contribution of the Borrower.

(a) Contribution.

(i) To the extent that any Borrower shall make a payment under the Loans (a "Payment") which, taking into account all other Payments then previously or concurrently made by any other Borrower, exceeds the amount which otherwise would have been paid by or attributable to such Borrower if each Borrower had paid the aggregate Obligations satisfied by such Payment in the same proportion as such Borrower's "Allocable Amount" (as defined below) (as determined immediately prior to such Payment) bore to the aggregate Allocable Amounts of each of the Borrowers as determined immediately prior to the making of such Payment, then, following indefeasible payment in full of the Payment and the Obligations, and the termination of the Loans, such Borrower shall be entitled to receive contribution and indemnification payments from, and be reimbursed by, each other Borrower for the amount of such excess, pro rata based upon their respective Allocable Amounts in effect immediately prior to such Payment.

(ii) As of any date of determination, the "Allocable Amount" of each Borrower shall be equal to the maximum amount of liability which could be asserted against such Borrower hereunder with respect to the applicable Payment without (i) rendering such Borrower "insolvent" within the meaning of Section 101(32) of the Federal Bankruptcy Code (the "Bankruptcy Code") or Section 2 of either the Uniform Fraudulent Transfer Act (the "UFTA") or the Uniform Fraudulent Conveyance Act (the "UFCA") or the fraudulent conveyance and transfer laws of the State of New Jersey or such other jurisdiction whose laws shall be determined to apply to the transactions contemplated by this Agreement (the "Applicable State Fraudulent Conveyance Laws"), (ii) leaving such Borrower with unreasonably small capital, within the meaning of Section 548 of the Bankruptcy Code or Section 4 of the UFTA or Section 5 of the UFCA or the Applicable State Fraudulent Conveyance Laws, or (iii) leaving such Borrower unable to pay its debts as they become due within the meaning of Section 548 of the Bankruptcy Code or Section 4 of the UFTA or Section 6 of the UFCA or the Applicable State Fraudulent Conveyance Laws.

(b) No Impairment. This Section 9.19 is intended only to define the relative rights of each Borrower with respect to each other, and nothing set forth in this Section 9.19 is intended to or shall impair the obligations of any Borrower, jointly and severally, to pay any amounts as and when the same shall become due and payable in accordance with the terms of this Agreement or the other Loan Documents.

(c) Rights Constitute Assets. Each Borrower acknowledges that the rights of contribution and indemnification under this Section 9.19 shall constitute assets of the Borrower to which such contribution and indemnification is owing.

(d) Subordination. Notwithstanding any provision of this Section 9.19 to the contrary, all rights of any Borrowers under this Agreement and all other rights of indemnity, contribution or subrogation under applicable law or otherwise shall be fully subordinated to the indefeasible payment in full of the Obligations. No failure on the part of any Borrower to make the payments required by this Agreement (or any other payments required under applicable law or otherwise) shall in any respect limit the obligations and liabilities of any Borrower with respect to its obligations under this Agreement, and each Borrower shall remain liable for the full amount of the obligations of such Borrower under this Agreement.

Section 9.20 Authorization to Act.

Notwithstanding that each Borrower is jointly and severally liable hereunder and under the Notes and the other Loan Documents, the Parent is hereby authorized by each Borrower to act as agent for each Borrower to receive the Loan proceeds without further instruction to the Bank, at which time the Parent shall promptly disburse such Loan proceeds to the appropriate Borrower as necessary, and the Bank may rely on any directions given to it by the Parent as such agent. Each Borrower agrees that any action taken by the Parent or the Borrower in accordance with the terms of this Agreement or the other Loan Documents, and the exercise by the Parent of its powers set forth therein or herein, together with such other powers that are reasonably incidental thereto, shall be binding upon all Borrowers.

Section 9.21 Confidentiality.

The Bank agrees to maintain the confidentiality of the non-public Information designated as confidential and obtained by the Bank pursuant to the requirements of this Agreement in accordance with the Bank's customary procedures for handling confidential information of this nature and not use the non-public Information for any purpose other than in connection with this Agreement or any other Loan Documents; provided, however, that the Bank may disclose Information (a) on a confidential and need-to-know basis to its Affiliates who need to know such Information in connection with the transactions contemplated hereby (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) as required or requested by any Governmental Authority or representative thereof, (c) to the extent required by applicable law or by any subpoena or similar legal process (in which case the Bank, to the extent permitted by law and to the extent reasonably practical under the circumstances, shall inform the Borrower), (d) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (e) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or participant in, or any prospective assignee of or participant in, any of its rights or obligations under this Agreement, (f) with the prior written consent of the Borrower or (g) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Bank or any of its Affiliates on a nonconfidential basis from a source other than the Borrower.

For purposes of this Section, "Information" means all information received from the Borrower relating to the Borrower or its business, other than any such information that is available to the Bank on a nonconfidential basis prior to disclosure by the Borrower. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. The Bank acknowledges that (a) the Information may include material non-public information concerning the Borrower, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable law, including United States Federal and state securities laws.

Section 9.22 Keepwell.

The Borrower, if it is a Qualified ECP Loan Party, hereby absolutely, unconditionally, and irrevocably (a) guarantees the prompt payment and performance of all liabilities under Swap Agreement(s) owing by each Non-Qualifying Party (it being understood and agreed that this guarantee is a guaranty of payment and not of collection), and (b) undertakes to provide such funds or other support as may be needed from time to time by any Non-Qualifying Party to honor all of such Non Qualifying Party's obligations under this Agreement or any other Loan Document or Swap Agreement (provided, however, that if the Borrower is a Qualified ECP Loan Party, it shall only be liable under this Section 9.22 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 9.22, or otherwise under this Agreement or any other Loan Document, voidable under applicable law, including applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of the Borrower under this Section 9.22 shall remain in full force and effect until indefeasible payment in full of the Loans. The Borrower intends that this Section 9.22 constitute, and this Section 9.22 shall be deemed to constitute, a guarantee of the obligations of, and a "keepwell, support, or other agreement" for all purposes of Section 1(a)(18)(A)(v)(II) of the CEA.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

LINCOLN EDUCATIONAL SERVICES CORPORATION

/s/ Scott M. Shaw

By: _____
Scott M. Shaw
Chief Executive Officer

LINCOLN TECHNICAL INSTITUTE, INC.

/s/ Scott M. Shaw

By: _____
Scott M. Shaw
President

NASHVILLE ACQUISITION, L.L.C.

/s/ Scott M. Shaw

By: _____
Scott M. Shaw
President

NEW ENGLAND ACQUISITION, LLC

/s/ Scott M. Shaw

By: _____
Scott M. Shaw
President

EUPHORIA ACQUISITION, LLC

/s/ Scott M. Shaw

By: _____
Scott M. Shaw
President

[Signature Page to Credit Agreement]

LCT ACQUISITION, LLC

/s/ Scott M. Shaw

By: _____
Scott M. Shaw
President

NN ACQUISITION, LLC

/s/ Scott M. Shaw

By: _____
Scott M. Shaw
President

LTI HOLDINGS, LLC

/s/ Scott M. Shaw

By: _____
Scott M. Shaw
President

STERLING NATIONAL BANK

/s/ Mark R. Smith
By: _____
Mark R. Smith
Senior Vice President & Managing Director

[Signature Page to Credit Agreement]

ACKNOWLEDGMENT(S)

STATE OF NEW JERSEY)
) ss.:
COUNTY OF ESSEX)

On the 8th day of November, 2019, before me, the undersigned, a notary public in and for said state, personally appeared **SCOTT M. SHAW** personally known to me or proved to me on the basis of satisfactory evidence, to be the Chief Executive Officer of **LINCOLN EDUCATIONAL SERVICES CORPORATION,** a New Jersey corporation ("Company") and is duly authorized to act as the authorized signatory of said Company, that said instrument was signed by him, and being informed of the contents thereof, acknowledged execution of the forgoing instrument on behalf of said Company.

Witness my hand and official seal.

/s/ Karen M. Dempsey

Notary Public of New Jersey
My Commission expires: 9/17/20

STATE OF NEW JERSEY)
) ss.:
COUNTY OF ESSEX)

On the 8th day of November, 2019, before me, the undersigned, a notary public in and for said state, personally appeared **SCOTT M. SHAW** personally known to me or proved to me on the basis of satisfactory evidence, to be the President of **LINCOLN TECHNICAL INSTITUTE, INC.**; a New Jersey corporation; **NASHVILLE ACQUISITION, L.L.C.**, a Delaware limited liability company; **NEW ENGLAND ACQUISITION, LLC**, a Delaware limited liability company; **EUPHORIA ACQUISITION, LLC**, a Delaware limited liability company; **LCT ACQUISITION, LLC**, a Delaware limited liability company; **N N ACQUISITION, LLC**, a Delaware limited liability company and **LTI HOLDINGS, LLC**, a Colorado limited liability company (the "Companies") and is duly authorized to act as the authorized signatory of said Companies, that said instrument was signed by him, and being informed of the contents thereof, acknowledged execution of the forgoing instrument on behalf of said Company.

Witness my hand and official seal.

/s/ Karen M. Dempsey

Notary Public of New Jersey
My Commission expires: 9/17/20

Exhibit 10.4

Execution Copy

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (this "Agreement") is made as of this ___ day of _____, 2019, by and between LINCOLN EDUCATIONAL SERVICES CORPORATION, a New Jersey corporation (the "Company") and _____ (the "Indemnitee").

WHEREAS, the Indemnitee is a director or officer of the Company; and

WHEREAS, the Company and the Indemnitee recognize the substantial increase in corporate litigation in general, subjecting directors and officers to expensive litigation risks; and

WHEREAS, the board of directors of the Company (the "Board") has determined that enhancing the ability of the Company to attract and retain as directors and officers the most capable persons is in the best interests of the Company and that, in order to assist in such endeavor, the Company should seek to assure such persons that indemnification and insurance coverage therefor is available; and

WHEREAS, the Board has determined that contractual indemnification as set forth herein is not only reasonable and prudent but also promotes the best interests of the Corporation and its shareholders;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the Company and the Indemnitee hereby agree as follows. Capitalized terms used herein are defined in Section 13 hereof.

Section 1. Services by the Indemnitee. The Indemnitee hereby agrees to serve or continue to serve, at the will of the Company, as a director and/or officer of the Company, for as long as the Indemnitee is duly elected or appointed, as the case may be, or until the Indemnitee tenders his or her resignation or is removed. For the avoidance of doubt, the Company's obligations under this Agreement shall continue to the extent provided for in this Agreement, notwithstanding that the Indemnitee may have ceased to be a director or officer of the Company at the time that a Proceeding is commenced.

Section 2. Indemnification.

(a) *General Indemnification*. In connection with any Proceeding, the Company shall, to the fullest extent permitted by applicable law as in effect on the date hereof or as may be amended from time to time to increase the scope of such permitted indemnification, indemnify the Indemnitee against any and all Expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted, actually and reasonably incurred by the Indemnitee or on the Indemnitee's behalf by reason of the Indemnitee's Corporate Status unless the Company shall establish, in accordance with the procedures described in Section 3 of this Agreement, that the Indemnitee did not act in good faith and in a manner that the Indemnitee reasonably believed to be in the best interests of the Company, and, with respect to any criminal Proceeding, that the Indemnitee had no reasonable cause to believe that the Indemnitee's conduct was unlawful.

(b) *Witness Expenses*. Notwithstanding any other provision of this Agreement, to the extent that the Indemnitee is, by reason of his or her Corporate Status, a witness in any Proceeding to which the Indemnitee is not a party, he or she shall be indemnified against all Expenses incurred by the Indemnitee or on his or her behalf in connection therewith.

(c) *Mandatory Indemnification.* Notwithstanding any other provision of this Agreement, except as provided in Section 11 of this Agreement, to the extent that the Indemnitee has been successful on the merits or otherwise in defense of any Proceeding, the Indemnitee shall be indemnified against all Expenses incurred in connection therewith. For these purposes, the Indemnitee shall be deemed to have been "successful on the merits" upon termination of any Proceeding or of any claim, issue or matter therein, by the winning of a motion to dismiss (with or without prejudice), motion for summary judgment, settlement (with or without court approval), or upon a plea of nolo contendere or its equivalent.

(d) *Indemnification of Appointing Stockholder.* If (i) the Indemnitee is or was affiliated with one or more investment funds that has invested in the Company (an "Appointing Stockholder"), (ii) the Appointing Stockholder is, or is threatened to be made, a party to or a participant in any Proceeding, and (iii) the Appointing Stockholder's involvement in the Proceeding arises primarily from any claim based on the Indemnitee's service to the Company as a director of the Company, the Appointing Stockholder will be entitled to indemnification hereunder for Expenses to the same extent as the Indemnitee, and the terms of this Agreement as they relate to procedures for indemnification of the Indemnitee and advancement of Expenses shall apply to any such indemnification of Appointing Stockholder.

Section 3. Advancement of Expenses; Indemnification Procedure.

(a) *Advancement of Expenses.* The Company shall advance all Expenses incurred by the Indemnitee in connection with any Proceeding referenced in Section 2(a) of this Agreement (but not amounts actually paid in settlement of any such Proceeding). The advances to be made hereunder shall be paid by the Company to the Indemnitee within ten (10) business days following receipt by the Company of a statement or statements from the Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by the Indemnitee or refer to invoices or bills for Expenses furnished or to be furnished directly to the Company. The Indemnitee shall qualify for advances upon the execution and delivery to the Company of this Agreement which shall constitute an undertaking providing that the Indemnitee undertakes to the fullest extent permitted by law to repay the advance (without interest) if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that the Indemnitee is not entitled to be indemnified by the Company. No other form of undertaking shall be required other than the execution of this Agreement. Any such advances shall be unsecured and interest free and shall be made without regard to the Indemnitee's ability to repay such amounts and without regard to the Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Any such advances shall include any and all Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. Notwithstanding the foregoing, in no case shall the Indemnitee be required to convey any information that would cause the Indemnitee to waive any privilege accorded by applicable law.

(b) *Notice by the Indemnitee.* The Indemnitee shall give the Company notice in writing as soon as practicable of any Proceeding in respect of which the Indemnitee intends to seek indemnification or advancement of Expenses hereunder. Notice to the Company shall be directed to the General Counsel of the Company at the address shown in Section 16(a) of this Agreement (or such other address as the Company shall designate in writing to the Indemnitee). The omission by the Indemnitee to so notify the Company shall not relieve the Company from any liability that it may have to the Indemnitee hereunder or otherwise.

(c) *Determination of Entitlement.*

(i) To obtain indemnification, the Indemnitee shall submit to the Company a written request for indemnification and shall provide for the furnishing to the Company of such documentation and information as is reasonably available to the Indemnitee and is reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification.

(ii) Upon written request by the Indemnitee for indemnification pursuant to Section 3(c)(i), a written determination with respect to the Indemnitee's entitlement thereto shall be made: (i) if a Change in Control shall have occurred, by Independent Counsel; (ii) if a Change in Control shall not have occurred, (A) by the Board by a majority vote of a quorum consisting of Disinterested Directors, or (B) by a majority vote of a quorum of Disinterested Directors on a committee of the Board authorized by the Board to make such determination, or (C) if there are not Disinterested Directors or if the Board so directs, by Independent Counsel. If it is so determined that the Indemnitee is entitled to indemnification, payment to the Indemnitee shall be made within ten (10) business days. The Indemnitee shall cooperate with the person, persons or entity making such determination with respect to the Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to the Indemnitee and reasonably necessary to such determination. Any costs or expenses (including reasonable attorneys' fees and disbursements) incurred by the Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to the Indemnitee's entitlement to indemnification).

(iii) In the event that the determination of entitlement is to be made by Independent Counsel, the Independent Counsel shall be selected as provided in this Section 3(c)(iii). In the event that a Change of Control shall not have occurred, the Independent Counsel shall be selected by the Board or a committee thereof authorized by the Board to make such selection, and the Company shall give written notice to the Indemnitee advising him or her of the identity of the Independent Counsel so selected. In the event that a Change of Control shall have occurred, the Independent Counsel shall be selected jointly by the Indemnitee and the Board or a committee thereof authorized by the Board to make such determination. The Company shall pay any and all reasonable fees and expenses of the Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to Section 3(c)(ii), and the Company shall pay all reasonable fees and expenses incident to the procedures of this Section 3(c)(iii), regardless of the manner in which such Independent Counsel was selected or appointed.

(d) *Presumptions and Burdens of Proof.*

(i) In making any determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination shall, to the fullest extent not prohibited by law, presume that the Indemnitee is entitled to indemnification under this Agreement, and the Company shall have, to the fullest extent not prohibited by law, the burden of proof to overcome that presumption in connection with the making of any determination contrary to that presumption. Neither the failure of the person, persons or entity to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because the Indemnitee has met the applicable standard of conduct, nor an actual determination by the person, persons or entity that the Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the Indemnitee has not met the applicable standard of conduct. For purposes of this Agreement, the termination of any claim, action, suit, or proceeding, by judgment, order, settlement (whether with or without court approval), conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that the Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law.

(ii) In the event that the person, persons or entity empowered or selected under the Agreement to determine whether an the Indemnitee is entitled to indemnification shall not have made such determination in a timely fashion after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and the Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by the Indemnitee of a material fact, or an omission of a material fact necessary to make the Indemnitee's statement not materially misleading, in connection with the request for indemnification (which shall have been proven by clear and convincing evidence), or (ii) a prohibition of such indemnification under applicable law.

(iii) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of the Indemnitee to indemnification or create a presumption that the Indemnitee did not act in good faith and in a manner that he or she reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that the Indemnitee had reasonable cause to believe that the Indemnitee's conduct was unlawful.

(iv) For purposes of any determination of good faith, the Indemnitee shall be deemed to have acted in good faith if the Indemnitee's action is in good faith reliance on the records or books of account of any Enterprise, including financial statements, or on information supplied to the Indemnitee by the officers of such Enterprise in the course of their duties, or on the advice of legal counsel for such Enterprise or on information or records given or reports made to such Enterprise by an independent certified public accountant or by an appraiser or other expert selected by such Enterprise. The provisions of this Section 3(d)(iii) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed or found to have met the applicable standard of conduct set forth in this Agreement.

(v) The Indemnitee shall be presumed to have relied upon this Agreement in serving or continuing to serve as a director and /or officer.

(e) *Notice to Insurers.* In the event that, at the time of the receipt of a notice of a Proceeding pursuant to Section 3(b) of this Agreement, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. Thereafter, the Company shall take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(f) *Subrogation.* In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all the rights of recovery of the Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company to effectively bring suit to enforce such rights. The Company shall pay or reimburse all expenses actually and reasonably incurred by the Indemnitee in connection with such subrogation.

(g) *Defense of Claims; Selection of Counsel.*

(i) The Company shall not settle any action, claim, or Proceeding (in whole or in part) that would impose any Expense, judgment, fine, penalty or limitation on the Indemnitee, without the Indemnitee's prior written consent; provided, however, that, with respect to settlements requiring solely the payment of money either by the Company or by the Indemnitee for which the Company is obligated to reimburse the Indemnitee promptly and completely, in either case without recourse to the Indemnitee, no such consent of the Indemnitee shall be required. The Indemnitee shall not settle any action, claim or Proceeding (in whole or in part) that would impose any Expense, judgment, fine, penalty or limitation on the Company without the Company's prior written consent, such consent not to be unreasonably withheld.

(ii) In the event that the Company shall be obligated under Section 3(a) of this Agreement to pay the Expenses of any Proceeding against the Indemnitee, the Company, if appropriate, shall be entitled to assume the defense of such proceeding, with counsel approved by the Indemnitee, which approval shall not be unreasonably withheld, upon the delivery to the Indemnitee of written notice of its election so to do. After delivery of such notice, approval of such counsel by the Indemnitee and the retention of such counsel by the Company, the Company shall not be liable to the Indemnitee under this Agreement for any fees incurred by or expenses of separate counsel subsequently employed by or on behalf of the Indemnitee with respect to the same Proceeding, provided that (i) the Indemnitee shall have the right to employ the Indemnitee's own counsel in any such Proceeding at the Indemnitee's expense; and (ii) if (A) the employment of counsel by the Indemnitee has been previously authorized by the Company (or, after a Change in Control, by Independent Counsel), (B) the Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of any such defense, or (C) the Company, in fact, shall not have employed or shall not continue to retain counsel to assume the defense of such Proceeding, then the reasonable fees and expenses of the Indemnitee's counsel shall be at the expense of the Company.

Section 4. Remedies of the Indemnitee.

(a) In the event of any dispute between the Indemnitee and the Company hereunder as to entitlement to indemnification, contribution or advancement of Expenses, or if no determination of entitlement to indemnification shall have been made pursuant to the provisions of this Agreement within ninety (90) days after receipt by the Company of the request for indemnification, then the Indemnitee shall be entitled to an adjudication in any court of the State of New Jersey having jurisdiction of his or her entitlement to such indemnification, contribution or advancement of Expenses.

(b) In the event that the Indemnitee commences a judicial proceeding pursuant to this Section 4, the Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 3(a) until a final determination is made with respect to the Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed).

(c) In the event that a determination shall have been made pursuant to Section 3(c) of this Agreement that the Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 4, absent (i) a misstatement by the Indemnitee of a material fact, or an omission of a material fact necessary to make the Indemnitee's statement not materially misleading, in connection with such determination of the Indemnitee's entitlement to indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 4 that the procedures and presumptions of this Agreement are not valid, binding or enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(e) In the event that the Indemnitee, pursuant to this Section 4, seeks a judicial adjudication to enforce his or her rights under, or to recover damages for breach of, this Agreement, the Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company against, any and all expenses (of the types described in the definition of "Expenses" in this Agreement) actually and reasonably incurred by him in such judicial adjudication, but only if he or she prevails therein. In the event that it shall be determined in said judicial adjudication that the Indemnitee is entitled to receive part but not all of the indemnification or advancement of Expenses sought, the Expenses incurred by the Indemnitee in connection with such judicial adjudication shall be appropriately prorated.

(f) In the event that a determination shall have been made pursuant to Section 3(c) that the Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 4 shall be conducted in all respects as a de novo trial on the merits, and the Indemnitee shall not be prejudiced by reason of that adverse determination. In the event that a Change of Control shall have occurred, in any judicial proceeding commenced pursuant to this Section 4 the Company shall have the burden of proving that the Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(g) In the event that a determination shall have been made or deemed to have been made pursuant to Section 3(c) that the Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 4, absent (i) a misstatement by the Indemnitee of a material fact, or an omission of a material fact necessary to make the Indemnitee's statement not materially misleading, in connection with the request for indemnification (which shall have been proven by clear and convincing evidence), or (ii) a prohibition of such indemnification under applicable law.

(h) The Company and the Indemnitee agree that a monetary remedy for breach of this Agreement may be inadequate, impracticable and difficult of proof, and further agree that such breach may cause the Indemnitee irreparable harm. Accordingly, the parties hereto agree that the Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm (having agreed that actual and irreparable harm shall result in not forcing the Company to specifically perform its obligations pursuant to this Agreement) and that by seeking injunctive relief and/or specific performance, the Indemnitee shall not be precluded from seeking or obtaining any other relief to which he may be entitled. The Company and the Indemnitee further agree that the Indemnitee shall be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company acknowledges that in the absence of a waiver, a bond or undertaking may be required of the Indemnitee by the Court, and the Company hereby waives any such requirement of a bond or undertaking.

Section 5. Additional Indemnification Rights; Nonexclusivity.

(a) *Scope*. Notwithstanding any other provision of this Agreement, the Company hereby agrees to indemnify the Indemnitee to the fullest extent permitted by law, notwithstanding that such indemnification is not specifically authorized by the other provisions of this Agreement, the Company's Certificate of Incorporation, the Company's Bylaws or by statute. In the event of any change, after the date of this Agreement, in any applicable law, statute or rule that expands the right of a New Jersey corporation to indemnify a member of its or a subsidiary's Board of Directors or an officer, such changes shall be, *ipso facto,* within the purview of the Indemnitee's rights and the Company's obligations, under this Agreement. In the event of any change in any applicable law, statute or rule that narrows the right of a New Jersey corporation to indemnify a member of the Board of Directors or an officer of the Company or a subsidiary, such changes, to the extent not otherwise required by such law, statute or rule to be applied to this Agreement, shall have no effect on this Agreement or the parties' rights and obligations hereunder.

(b) *Nonexclusivity*. The rights of indemnification, contribution and advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any rights to which the Indemnitee may at any time be entitled under applicable law, the Company's Certificate of Incorporation, its Bylaws, the certificate of incorporation, by-laws or other similar organizational document of any Affiliate of the Company, any agreement, any insurance policy maintained or issued directly or indirectly by the Company or any Affiliate of the Company, any vote of stockholders or Disinterested Directors, the New Jersey Business Corporation Act, or otherwise, both as to action in the Indemnitee's official capacity and as to action or inaction in another capacity while holding such office. No amendment, alteration or repeal of this Agreement or of any provisions hereof shall be effective as to the Indemnitee with respect to any action taken or omitted by the Indemnitee as an officer or directors prior to such amendment, alteration or repeal. The indemnification provided under this Agreement shall continue as to the Indemnitee for any action taken or not taken while serving in an indemnified capacity even though the Indemnitee may have ceased to serve in such capacity at the time any covered Proceeding commenced.

Section 6. Partial Indemnification. In the event that the Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Expenses actually or reasonably incurred by the Indemnitee in any Proceeding, but not, however, for the total amount thereof, the Company shall nevertheless indemnify the Indemnitee for the portion of such Expenses to which the Indemnitee is entitled.

Section 7. Mutual Acknowledgment. Both the Company and the Indemnitee acknowledge that, in certain instances, Federal law or applicable public policy may prohibit the Company from indemnifying its directors and officers under this Agreement or otherwise. The Indemnitee understands and acknowledges that the Company has undertaken or may be required in the future in certain circumstances to undertake with the Securities and Exchange Commission to submit the question of indemnification to a court for a determination of the Company's right under public policy to indemnify the Indemnitee. Nothing in this Section 7 shall affect the Indemnitee's right to advancement under this Agreement, including without limit, advancement of legal expenses under Section 3 in the event that the question of indemnification is submitted to a court for a determination.

Section 8. Directors and Officers Liability Insurance. The Company, from time to time, shall make the good faith determination whether or not it is practicable for the Company to obtain and maintain a policy or policies of insurance with reputable insurance companies providing the officers and directors of the Company with coverage for losses from wrongful acts or to ensure the Company's performance of its indemnification obligations under this Agreement. Among other considerations, the Company will weigh the costs of obtaining such insurance coverage against the protection afforded by such coverage. Notwithstanding the foregoing, the Company shall have no obligation to obtain or maintain such insurance if the Company determines in good faith that such insurance is not reasonably available, if the premium costs for such insurance are disproportionate to the amount of coverage provided, if the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit, or if the Indemnitee is covered by similar insurance maintained by a subsidiary or parent of the Company. Notwithstanding the foregoing, in the event of a Change in Control or the Company's becoming insolvent, including, without limitation, being placed into receivership or entering the federal bankruptcy process and the like, the Company shall maintain in force any and all insurance policies then maintained by the Company in providing insurance for directors' and officers' liability, fiduciary, employment practices or otherwise in respect of the Indemnitee, for a period of six (6) years thereafter (a "Tail Policy"). Such coverage shall be placed pursuant to this Section 8 by the Company's insurance broker prior to the occurrence of the Change of Control with the incumbent insurance carriers using the policies that were in place at the time of the change of control event (unless the incumbent carriers will not offer such policies, in which case the Tail Policy shall be substantially comparable in scope and amount as the expiring policies).

Section 9. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to the Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying the Indemnitee, shall contribute to the amount incurred by the Indemnitee in connection with any Proceeding relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (a) the relative benefits received by the Company and the Indemnitee as a result of the event(s) and/or transaction(s) giving rise to such Proceeding; and (b) the relative fault of the Company (and its directors, officers, employees and agents) and the Indemnitee in connection with such event(s) and/or transaction(s). The Company hereby agrees to fully indemnify and hold harmless the Indemnitee from any claims for contribution which may be brought by officers, directors or employees of the Company (other than the Indemnitee) who may be jointly liable with the Indemnitee.

Section 10. Severability. Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The Company's inability, pursuant to court order, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. The provisions of this Agreement shall be severable as provided in this Section 10. In the event that this Agreement or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify the Indemnitee to the full extent permitted by any applicable portion of this Agreement that shall not have been invalidated, and the balance of this Agreement not so invalidated shall be enforceable in accordance with its terms.

Section 11. Exceptions. Any other provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement:

(a) *Excluded Acts.* To indemnify the Indemnitee to the extent that, in connection with the relevant Proceeding, a final and non-appealable judgment or other adjudication adverse to the Indemnitee establishes that his or her acts or omissions (i) were in breach of the Indemnitee's duty of loyalty to the Company or its shareholders, as defined in subsection (3) of N.J.S. 14A2-7, (ii) were not in good faith or involved a knowing violation of law, (iii) resulted in the receipt by the Indemnitee of an improper personal benefit; or

(b) *Limitations of Applicable Law.* To indemnify the Indemnitee for any acts or omissions or transactions from which a director, officer, employee or agent may not be relieved of liability under applicable law as determined by a court of competent jurisdiction; or

(c) *Claims Initiated by the Indemnitee.* To indemnify or advance Expenses to the Indemnitee with respect to any Proceeding initiated or brought voluntarily by the Indemnitee and not by way of defense, except with respect to Proceedings brought to establish or enforce a right to indemnification under this Agreement or any other statute or law, but indemnification or advancement of Expenses may be provided by the Company in specific cases if the Company's Board of Directors (or, after a Change in Control has occurred, Independent Counsel) has approved the initiation or bringing of such Proceeding; or

(d) *Insured Claims*. To indemnify the Indemnitee for Expenses that have been paid directly to the Indemnitee by an insurance carrier under a policy of directors and officers liability insurance maintained by the Company; or

(e) *Claims under Section 16(b).* To indemnify the Indemnitee for Expenses and the payment of profits arising from the purchase and sale by the Indemnitee of securities in violation of Section 16(b) of the Exchange Act or any similar successor statute; or

(f) *Required Reimbursement*. To indemnify the Indemnitee for any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that (i) arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, or the payment to the Company of profits arising from the purchase and sale by the Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act of 2002, (ii) arise pursuant to regulations or policies adopted in compliance with Section 954 of the Investor Protection and Securities Reform Act of 2010); or

(g) *Company Right to Participate in Defense.*To indemnify the Indemnitee for Expenses if the Company was not given a reasonable time and opportunity, at its expense, to participate in the defense of such action, unless such participation was barred by this Agreement.

In the event that a judgment or other final adjudication adverse to the Indemnitee establishes that his or her acts or omissions (i) were in breach of the Indemnitee's duty of loyalty to the Company or its shareholders, as defined in subsection (3) of N.J.S. 14A2-7, (ii) were not in good faith or involved a knowing violation of law, or (iii) resulted in the receipt by the Indemnitee of an improper personal benefit, the Indemnitee shall promptly disgorge and pay over to the Company any amounts theretofore paid to the Indemnitee pursuant to this Agreement, including any advance of Expenses pursuant to Section 3.

Section 12. Effectiveness of this Agreement. This Agreement shall be effective as of the date set forth on the first page and shall apply to acts or omissions of the Indemnitee which occurred prior to such date if the Indemnitee was serving in any Corporate Status at the time such act or omission occurred.

Section 13. Construction of Certain Phrases.

"**Change in Control**" shall mean either: (1) a change in the membership of the Board such that one-third or more of its members were neither recommended nor elected to the Board by a majority of those of its members (A) who are not Affiliates or Associates or representatives of a beneficial owner described in clause (2) below or (B) who were members of the Board prior to the time the beneficial owner became such; or (2) the attainment of "beneficial ownership" (as defined in Rule 13d-3 under the Exchange Act, as Rule 13d-3 was in existence as of the date hereof) by any person, corporation or other entity, or any group, including associates or affiliates of such beneficial owner, of more than 10% of the voting power of all classes of Capital Stock, other than by any such entity that held more than such percentage as of the date hereof.

"**Corporate Status**" means the status of a person who is or was a director, officer, trustee, general partner, managing member, fiduciary, board of directors' committee member, employee or agent of the Company or of any other Enterprise.

"**Disinterested Director**" means a director who is not and was not a party to the Proceeding in respect of which indemnification is being sought by the Indemnitee.

"**Enterprise**" means the Company, any subsidiary and any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which the Indemnitee is or was or may be deemed to be serving at the request of the Company as a director, officer, trustee, general partner, managing member, fiduciary, board of directors' committee member, employee or agent.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"**Expenses**" means all reasonable costs, fees and disbursements (including, without limitation, reasonable attorneys' fees, retainers, court costs, costs of transcripts, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses) reasonably and actually incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding, or responding to, or objecting to , a request to provide discovery in any Proceeding. Expenses shall also include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by the Indemnitee or the amount of judgments of fines against the Indemnitee.

"**Independent Counsel**" means a law firm, or a member of a law firm, that is experienced in matters of corporate law and neither currently is, nor in the three (3) years prior to its selection or appointment has been, retained to represent (i) the Company or any of its subsidiaries or affiliates or the Indemnitee in any matter (other than with respect to matters concerning the Indemnitee under this Agreement or of other the Indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or the Indemnitee in an action to determine the Indemnitee's rights under this Agreement.

"**Proceeding**" means any threatened, pending or completed action, derivative action, suit, claim, counterclaim, cross claim, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether civil (including intentional and unintentional tort claims), criminal, administrative or investigative, formal or informal, including any appeal therefrom, and whether instituted by or on behalf of the Company or any other party, or any inquiry or investigation that the Indemnitee in good faith believes might lead to the institution of any such action, suit or other proceeding hereinabove listed in which the Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of any Corporate Status of the Indemnitee, or by reason of any action taken (or failure to act) by him or her or of any action (or failure to act) on his or her part while serving in any Corporate Status.

Section 14. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which together shall constitute one and the same Agreement.

Section 15. Successors and Assigns. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of the Indemnitee and the Indemnitee's estate, heirs, legal representatives and assigns. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by written agreement in form and substance satisfactory to the Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

Section 16. Notice. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand or recognized courier and receipted for by the party addressee, on the date of such receipt, (ii) if mailed by domestic certified or registered mail with postage prepaid, on the third business day after the date postmarked, or (iii) if sent by confirmed facsimile, on the date sent. Notices shall be addressed as follows:

(a) if to the Company:

Lincoln Educational Services Corporation
200 Executive Drive, Suite 340
West Orange, New Jersey 07052
Attention: General Counsel

(b) if to the Indemnitee, to the address of the Indemnitee set forth under the Indemnitee's signature below; or to such other address or attention of such other person as any party shall advise the other parties in writing.

Section 17. Choice of Law. This Agreement shall be governed by and its provisions construed in accordance with the laws of the State of New Jersey as applied to contracts made and to be performed in such State without giving effect to its principals of conflicts of laws. The Indemnitee may bring an action seeking resolution of disputes or controversies arising under or in any way related to this Agreement in a state or federal court in the State of New Jersey. The Company and the Indemnitee hereby irrevocably and unconditionally (a) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the courts of the State of New Jersey and not in any other state or federal court in the United States, (b) consent to submit to the exclusive jurisdiction of the courts of the State of New Jersey for purposes of any action or proceeding arising out of or in connection with this Agreement, (c) waive and agree not to plead or make any claim that the courts of the State of New Jersey lack venue or that any such action or proceeding brought in the courts of the State New Jersey have been brought in an improper or inconvenient forum.

Section 18. Amendments. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be binding unless in the form of a writing signed by the party against whom enforcement of the waiver is sought. Except as specifically provided in this Agreement, no failure to exercise or any delay in exercising any right or remedy hereunder shall constitute a waiver thereof.

[Signature Page Follows]

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

LINCOLN EDUCATIONAL
SERVICES CORPORATION

By: _____
Name: Scott M. Shaw
Title: Chief Executive Officer

THE INDEMNITEE

By: _____
Name:
Title:

Exhibit 10.5

Execution Copy

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (this "Agreement") is made as of this 14th day of November, 2019, by and between LINCOLN EDUCATIONAL SERVICES CORPORATION, a New Jersey corporation (the "Company") and John Bartholdson (the "Indemnitee").

WHEREAS, the Indemnitee is a director or officer of the Company; and

WHEREAS, the Company and the Indemnitee recognize the substantial increase in corporate litigation in general, subjecting directors and officers to expensive litigation risks; and

WHEREAS, the board of directors of the Company (the "Board") has determined that enhancing the ability of the Company to attract and retain as directors and officers the most capable persons is in the best interests of the Company and that, in order to assist in such endeavor, the Company should seek to assure such persons that indemnification and insurance coverage therefor is available; and

WHEREAS, the Board has determined that contractual indemnification as set forth herein is not only reasonable and prudent but also promotes the best interests of the Corporation and its shareholders;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the Company and the Indemnitee hereby agree as follows. Capitalized terms used herein are defined in Section 13 hereof.

Section 1. Services by the Indemnitee. The Indemnitee hereby agrees to serve or continue to serve, at the will of the Company, as a director and/or officer of the Company, for as long as the Indemnitee is duly elected or appointed, as the case may be, or until the Indemnitee tenders his or her resignation or is removed. For the avoidance of doubt, the Company's obligations under this Agreement shall continue to the extent provided for in this Agreement, notwithstanding that the Indemnitee may have ceased to be a director or officer of the Company at the time that a Proceeding is commenced.

Section 2. Indemnification.

(a) *General Indemnification*. In connection with any Proceeding, the Company shall, to the fullest extent permitted by applicable law as in effect on the date hereof or as may be amended from time to time to increase the scope of such permitted indemnification, indemnify the Indemnitee against any and all Expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted, actually and reasonably incurred by the Indemnitee or on the Indemnitee's behalf by reason of the Indemnitee's Corporate Status unless the Company shall establish, in accordance with the procedures described in Section 3 of this Agreement, that the Indemnitee did not act in good faith and in a manner that the Indemnitee reasonably believed to be in the best interests of the Company, and, with respect to any criminal Proceeding, that the Indemnitee had no reasonable cause to believe that the Indemnitee's conduct was unlawful.

(b) *Witness Expenses*. Notwithstanding any other provision of this Agreement, to the extent that the Indemnitee is, by reason of his or her Corporate Status, a witness in any Proceeding to which the Indemnitee is not a party, he or she shall be indemnified against all Expenses incurred by the Indemnitee or on his or her behalf in connection therewith.

(c) *Mandatory Indemnification.* Notwithstanding any other provision of this Agreement, except as provided in Section 11 of this Agreement, to the extent that the Indemnitee has been successful on the merits or otherwise in defense of any Proceeding, the Indemnitee shall be indemnified against all Expenses incurred in connection therewith. For these purposes, the Indemnitee shall be deemed to have been "successful on the merits" upon termination of any Proceeding or of any claim, issue or matter therein, by the winning of a motion to dismiss (with or without prejudice), motion for summary judgment, settlement (with or without court approval), or upon a plea of nolo contendere or its equivalent.

(d) *Indemnification of Appointing Stockholder.* If (i) the Indemnitee is or was affiliated with one or more investment funds that has invested in the Company (an "Appointing Stockholder"), (ii) the Appointing Stockholder is, or is threatened to be made, a party to or a participant in any Proceeding, and (iii) the Appointing Stockholder's involvement in the Proceeding arises primarily from any claim based on the Indemnitee's service to the Company as a director of the Company, the Appointing Stockholder will be entitled to indemnification hereunder for Expenses to the same extent as the Indemnitee, and the terms of this Agreement as they relate to procedures for indemnification of the Indemnitee and advancement of Expenses shall apply to any such indemnification of Appointing Stockholder.

Section 3. Advancement of Expenses; Indemnification Procedure.

(a) *Advancement of Expenses.* The Company shall advance all Expenses incurred by the Indemnitee in connection with any Proceeding referenced in Section 2(a) of this Agreement (but not amounts actually paid in settlement of any such Proceeding). The advances to be made hereunder shall be paid by the Company to the Indemnitee within ten (10) business days following receipt by the Company of a statement or statements from the Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by the Indemnitee or refer to invoices or bills for Expenses furnished or to be furnished directly to the Company. The Indemnitee shall qualify for advances upon the execution and delivery to the Company of this Agreement which shall constitute an undertaking providing that the Indemnitee undertakes to the fullest extent permitted by law to repay the advance (without interest) if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that the Indemnitee is not entitled to be indemnified by the Company. No other form of undertaking shall be required other than the execution of this Agreement. Any such advances shall be unsecured and interest free and shall be made without regard to the Indemnitee's ability to repay such amounts and without regard to the Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Any such advances shall include any and all Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. Notwithstanding the foregoing, in no case shall the Indemnitee be required to convey any information that would cause the Indemnitee to waive any privilege accorded by applicable law.

(b) *Notice by the Indemnitee.* The Indemnitee shall give the Company notice in writing as soon as practicable of any Proceeding in respect of which the Indemnitee intends to seek indemnification or advancement of Expenses hereunder. Notice to the Company shall be directed to the General Counsel of the Company at the address shown in Section 16(a) of this Agreement (or such other address as the Company shall designate in writing to the Indemnitee). The omission by the Indemnitee to so notify the Company shall not relieve the Company from any liability that it may have to the Indemnitee hereunder or otherwise.

(c) *Determination of Entitlement.*

(i) To obtain indemnification, the Indemnitee shall submit to the Company a written request for indemnification and shall provide for the furnishing to the Company of such documentation and information as is reasonably available to the Indemnitee and is reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification.

(ii) Upon written request by the Indemnitee for indemnification pursuant to Section 3(c)(i), a written determination with respect to the Indemnitee's entitlement thereto shall be made: (i) if a Change in Control shall have occurred, by Independent Counsel; (ii) if a Change in Control shall not have occurred, (A) by the Board by a majority vote of a quorum consisting of Disinterested Directors, or (B) by a majority vote of a quorum of Disinterested Directors on a committee of the Board authorized by the Board to make such determination, or (C) if there are not Disinterested Directors or if the Board so directs, by Independent Counsel. If it is so determined that the Indemnitee is entitled to indemnification, payment to the Indemnitee shall be made within ten (10) business days. The Indemnitee shall cooperate with the person, persons or entity making such determination with respect to the Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to the Indemnitee and reasonably necessary to such determination. Any costs or expenses (including reasonable attorneys' fees and disbursements) incurred by the Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to the Indemnitee's entitlement to indemnification).

(iii) In the event that the determination of entitlement is to be made by Independent Counsel, the Independent Counsel shall be selected as provided in this Section 3(c)(iii). In the event that a Change of Control shall not have occurred, the Independent Counsel shall be selected by the Board or a committee thereof authorized by the Board to make such selection, and the Company shall give written notice to the Indemnitee advising him or her of the identity of the Independent Counsel so selected. In the event that a Change of Control shall have occurred, the Independent Counsel shall be selected jointly by the Indemnitee and the Board or a committee thereof authorized by the Board to make such determination. The Company shall pay any and all reasonable fees and expenses of the Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to Section 3(c)(ii), and the Company shall pay all reasonable fees and expenses incident to the procedures of this Section 3(c)(iii), regardless of the manner in which such Independent Counsel was selected or appointed.

(d) *Presumptions and Burdens of Proof.*

(i) In making any determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination shall, to the fullest extent not prohibited by law, presume that the Indemnitee is entitled to indemnification under this Agreement, and the Company shall have, to the fullest extent not prohibited by law, the burden of proof to overcome that presumption in connection with the making of any determination contrary to that presumption. Neither the failure of the person, persons or entity to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because the Indemnitee has met the applicable standard of conduct, nor an actual determination by the person, persons or entity that the Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the Indemnitee has not met the applicable standard of conduct. For purposes of this Agreement, the termination of any claim, action, suit, or proceeding, by judgment, order, settlement (whether with or without court approval), conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that the Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law.

(ii) In the event that the person, persons or entity empowered or selected under the Agreement to determine whether an the Indemnitee is entitled to indemnification shall not have made such determination in a timely fashion after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and the Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by the Indemnitee of a material fact, or an omission of a material fact necessary to make the Indemnitee's statement not materially misleading, in connection with the request for indemnification (which shall have been proven by clear and convincing evidence), or (ii) a prohibition of such indemnification under applicable law.

(iii) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of the Indemnitee to indemnification or create a presumption that the Indemnitee did not act in good faith and in a manner that he or she reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that the Indemnitee had reasonable cause to believe that the Indemnitee's conduct was unlawful.

(iv) For purposes of any determination of good faith, the Indemnitee shall be deemed to have acted in good faith if the Indemnitee's action is in good faith reliance on the records or books of account of any Enterprise, including financial statements, or on information supplied to the Indemnitee by the officers of such Enterprise in the course of their duties, or on the advice of legal counsel for such Enterprise or on information or records given or reports made to such Enterprise by an independent certified public accountant or by an appraiser or other expert selected by such Enterprise. The provisions of this Section 3(d)(iii) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed or found to have met the applicable standard of conduct set forth in this Agreement.

(v) The Indemnitee shall be presumed to have relied upon this Agreement in serving or continuing to serve as a director and /or officer.

(e) *Notice to Insurers.* In the event that, at the time of the receipt of a notice of a Proceeding pursuant to Section 3(b) of this Agreement, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. Thereafter, the Company shall take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(f) *Subrogation.* In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all the rights of recovery of the Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company to effectively bring suit to enforce such rights. The Company shall pay or reimburse all expenses actually and reasonably incurred by the Indemnitee in connection with such subrogation.

(g) *Defense of Claims; Selection of Counsel.*

(i) The Company shall not settle any action, claim, or Proceeding (in whole or in part) that would impose any Expense, judgment, fine, penalty or limitation on the Indemnitee, without the Indemnitee's prior written consent; provided, however, that, with respect to settlements requiring solely the payment of money either by the Company or by the Indemnitee for which the Company is obligated to reimburse the Indemnitee promptly and completely, in either case without recourse to the Indemnitee, no such consent of the Indemnitee shall be required. The Indemnitee shall not settle any action, claim or Proceeding (in whole or in part) that would impose any Expense, judgment, fine, penalty or limitation on the Company without the Company's prior written consent, such consent not to be unreasonably withheld.

(ii) In the event that the Company shall be obligated under Section 3(a) of this Agreement to pay the Expenses of any Proceeding against the Indemnitee, the Company, if appropriate, shall be entitled to assume the defense of such proceeding, with counsel approved by the Indemnitee, which approval shall not be unreasonably withheld, upon the delivery to the Indemnitee of written notice of its election so to do. After delivery of such notice, approval of such counsel by the Indemnitee and the retention of such counsel by the Company, the Company shall not be liable to the Indemnitee under this Agreement for any fees incurred by or expenses of separate counsel subsequently employed by or on behalf of the Indemnitee with respect to the same Proceeding, provided that (i) the Indemnitee shall have the right to employ the Indemnitee's own counsel in any such Proceeding at the Indemnitee's expense; and (ii) if (A) the employment of counsel by the Indemnitee has been previously authorized by the Company (or, after a Change in Control, by Independent Counsel), (B) the Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of any such defense, or (C) the Company, in fact, shall not have employed or shall not continue to retain counsel to assume the defense of such Proceeding, then the reasonable fees and expenses of the Indemnitee's counsel shall be at the expense of the Company.

Section 4. Remedies of the Indemnitee.

(a) In the event of any dispute between the Indemnitee and the Company hereunder as to entitlement to indemnification, contribution or advancement of Expenses, or if no determination of entitlement to indemnification shall have been made pursuant to the provisions of this Agreement within ninety (90) days after receipt by the Company of the request for indemnification, then the Indemnitee shall be entitled to an adjudication in any court of the State of New Jersey having jurisdiction of his or her entitlement to such indemnification, contribution or advancement of Expenses.

(b) In the event that the Indemnitee commences a judicial proceeding pursuant to this Section 4, the Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 3(a) until a final determination is made with respect to the Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed).

(c) In the event that a determination shall have been made pursuant to Section 3(c) of this Agreement that the Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 4, absent (i) a misstatement by the Indemnitee of a material fact, or an omission of a material fact necessary to make the Indemnitee's statement not materially misleading, in connection with such determination of the Indemnitee's entitlement to indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 4 that the procedures and presumptions of this Agreement are not valid, binding or enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(e) In the event that the Indemnitee, pursuant to this Section 4, seeks a judicial adjudication to enforce his or her rights under, or to recover damages for breach of, this Agreement, the Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company against, any and all expenses (of the types described in the definition of "Expenses" in this Agreement) actually and reasonably incurred by him in such judicial adjudication, but only if he or she prevails therein. In the event that it shall be determined in said judicial adjudication that the Indemnitee is entitled to receive part but not all of the indemnification or advancement of Expenses sought, the Expenses incurred by the Indemnitee in connection with such judicial adjudication shall be appropriately prorated.

(f) In the event that a determination shall have been made pursuant to Section 3(c) that the Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 4 shall be conducted in all respects as a de novo trial on the merits, and the Indemnitee shall not be prejudiced by reason of that adverse determination. In the event that a Change of Control shall have occurred, in any judicial proceeding commenced pursuant to this Section 4 the Company shall have the burden of proving that the Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(g) In the event that a determination shall have been made or deemed to have been made pursuant to Section 3(c) that the Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 4, absent (i) a misstatement by the Indemnitee of a material fact, or an omission of a material fact necessary to make the Indemnitee's statement not materially misleading, in connection with the request for indemnification (which shall have been proven by clear and convincing evidence), or (ii) a prohibition of such indemnification under applicable law.

(h) The Company and the Indemnitee agree that a monetary remedy for breach of this Agreement may be inadequate, impracticable and difficult of proof, and further agree that such breach may cause the Indemnitee irreparable harm. Accordingly, the parties hereto agree that the Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm (having agreed that actual and irreparable harm shall result in not forcing the Company to specifically perform its obligations pursuant to this Agreement) and that by seeking injunctive relief and/or specific performance, the Indemnitee shall not be precluded from seeking or obtaining any other relief to which he may be entitled. The Company and the Indemnitee further agree that the Indemnitee shall be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company acknowledges that in the absence of a waiver, a bond or undertaking may be required of the Indemnitee by the Court, and the Company hereby waives any such requirement of a bond or undertaking.

Section 5. Additional Indemnification Rights; Nonexclusivity.

(a) *Scope*. Notwithstanding any other provision of this Agreement, the Company hereby agrees to indemnify the Indemnitee to the fullest extent permitted by law, notwithstanding that such indemnification is not specifically authorized by the other provisions of this Agreement, the Company's Certificate of Incorporation, the Company's Bylaws or by statute. In the event of any change, after the date of this Agreement, in any applicable law, statute or rule that expands the right of a New Jersey corporation to indemnify a member of its or a subsidiary's Board of Directors or an officer, such changes shall be, *ipso facto,* within the purview of the Indemnitee's rights and the Company's obligations, under this Agreement. In the event of any change in any applicable law, statute or rule that narrows the right of a New Jersey corporation to indemnify a member of the Board of Directors or an officer of the Company or a subsidiary, such changes, to the extent not otherwise required by such law, statute or rule to be applied to this Agreement, shall have no effect on this Agreement or the parties' rights and obligations hereunder.

(b) *Nonexclusivity*. The rights of indemnification, contribution and advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any rights to which the Indemnitee may at any time be entitled under applicable law, the Company's Certificate of Incorporation, its Bylaws, the certificate of incorporation, by-laws or other similar organizational document of any Affiliate of the Company, any agreement, any insurance policy maintained or issued directly or indirectly by the Company or any Affiliate of the Company, any vote of stockholders or Disinterested Directors, the New Jersey Business Corporation Act, or otherwise, both as to action in the Indemnitee's official capacity and as to action or inaction in another capacity while holding such office. No amendment, alteration or repeal of this Agreement or of any provisions hereof shall be effective as to the Indemnitee with respect to any action taken or omitted by the Indemnitee as an officer or directors prior to such amendment, alteration or repeal. The indemnification provided under this Agreement shall continue as to the Indemnitee for any action taken or not taken while serving in an indemnified capacity even though the Indemnitee may have ceased to serve in such capacity at the time any covered Proceeding commenced.

(c) *Fund Indemnitors.* The Company hereby acknowledges that the Indemnitee has certain rights to indemnification, advancement of expenses and/or insurance provided by Juniper and certain of its affiliates (collectively, the "Fund Indemnitors"). The Company hereby agrees that, to the extent of a indemnification claims under this Agreement by the Indemnitee in connection with any Proceeding as to which indemnification is available under this Agreement, (i) it is the indemnitor of first resort (i.e. its obligations to the Indemnitee are primary and any obligation of the Fund Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by the Indemnitee are secondary), (ii) it shall be required to advance the full amount of expenses incurred by the Indemnitee and shall be liable for the full amount of all Expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by the terms of this Agreement and the Certificate of Incorporation or Bylaws of the Company or any other agreement between the Company and the Indemnitee), without regard to any rights the Indemnitee may have against the Fund Indemnitors, and (iii) it irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Fund Indemnitors on behalf of the Indemnitee with respect to any claim for which the Indemnitee has sought indemnification from the Company shall affect the foregoing and the Fund Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of the Indemnitee against the Company. The Company and the Indemnitee agree that the Fund Indemnitors are express third party beneficiaries of the terms of this Section 5(c).

Section 6. Partial Indemnification. In the event that the Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Expenses actually or reasonably incurred by the Indemnitee in any Proceeding, but not, however, for the total amount thereof, the Company shall nevertheless indemnify the Indemnitee for the portion of such Expenses to which the Indemnitee is entitled.

Section 7. Mutual Acknowledgment. Both the Company and the Indemnitee acknowledge that, in certain instances, Federal law or applicable public policy may prohibit the Company from indemnifying its directors and officers under this Agreement or otherwise. The Indemnitee understands and acknowledges that the Company has undertaken or may be required in the future in certain circumstances to undertake with the Securities and Exchange Commission to submit the question of indemnification to a court for a determination of the Company's right under public policy to indemnify the Indemnitee. Nothing in this Section 7 shall affect the Indemnitee's right to advancement under this Agreement, including without limit, advancement of legal expenses under Section 3 in the event that the question of indemnification is submitted to a court for a determination.

Section 8. Directors and Officers Liability Insurance. The Company, from time to time, shall make the good faith determination whether or not it is practicable for the Company to obtain and maintain a policy or policies of insurance with reputable insurance companies providing the officers and directors of the Company with coverage for losses from wrongful acts or to ensure the Company's performance of its indemnification obligations under this Agreement. Among other considerations, the Company will weigh the costs of obtaining such insurance coverage against the protection afforded by such coverage. Notwithstanding the foregoing, the Company shall have no obligation to obtain or maintain such insurance if the Company determines in good faith that such insurance is not reasonably available, if the premium costs for such insurance are disproportionate to the amount of coverage provided, if the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit, or if the Indemnitee is covered by similar insurance maintained by a subsidiary or parent of the Company. Notwithstanding the foregoing, in the event of a Change in Control or the Company's becoming insolvent, including, without limitation, being placed into receivership or entering the federal bankruptcy process and the like, the Company shall maintain in force any and all insurance policies then maintained by the Company in providing insurance for directors' and officers' liability, fiduciary, employment practices or otherwise in respect of the Indemnitee, for a period of six (6) years thereafter (a "Tail Policy"). Such coverage shall be placed pursuant to this Section 8 by the Company's insurance broker prior to the occurrence of the Change of Control with the incumbent insurance carriers using the policies that were in place at the time of the change of control event (unless the incumbent carriers will not offer such policies, in which case the Tail Policy shall be substantially comparable in scope and amount as the expiring policies).

Section 9. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to the Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying the Indemnitee, shall contribute to the amount incurred by the Indemnitee in connection with any Proceeding relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (a) the relative benefits received by the Company and the Indemnitee as a result of the event(s) and/or transaction(s) giving rise to such Proceeding; and (b) the relative fault of the Company (and its directors, officers, employees and agents) and the Indemnitee in connection with such event(s) and/or transaction(s). The Company hereby agrees to fully indemnify and hold harmless the Indemnitee from any claims for contribution which may be brought by officers, directors or employees of the Company (other than the Indemnitee) who may be jointly liable with the Indemnitee.

Section 10. Severability. Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The Company's inability, pursuant to court order, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. The provisions of this Agreement shall be severable as provided in this Section 10. In the event that this Agreement or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify the Indemnitee to the full extent permitted by any applicable portion of this Agreement that shall not have been invalidated, and the balance of this Agreement not so invalidated shall be enforceable in accordance with its terms.

Section 11. Exceptions. Any other provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement:

(a) *Excluded Acts.* To indemnify the Indemnitee to the extent that, in connection with the relevant Proceeding, a final and non-appealable judgment or other adjudication adverse to the Indemnitee establishes that his or her acts or omissions (i) were in breach of the Indemnitee's duty of loyalty to the Company or its shareholders, as defined in subsection (3) of N.J.S. 14A2-7, (ii) were not in good faith or involved a knowing violation of law, (iii) resulted in the receipt by the Indemnitee of an improper personal benefit; or

(b) *Limitations of Applicable Law.* To indemnify the Indemnitee for any acts or omissions or transactions from which a director, officer, employee or agent may not be relieved of liability under applicable law as determined by a court of competent jurisdiction; or

(c) *Claims Initiated by the Indemnitee.* To indemnify or advance Expenses to the Indemnitee with respect to any Proceeding initiated or brought voluntarily by the Indemnitee and not by way of defense, except with respect to Proceedings brought to establish or enforce a right to indemnification under this Agreement or any other statute or law, but indemnification or advancement of Expenses may be provided by the Company in specific cases if the Company's Board of Directors (or, after a Change in Control has occurred, Independent Counsel) has approved the initiation or bringing of such Proceeding; or

(d) *Insured Claims*. To indemnify the Indemnitee for Expenses that have been paid directly to the Indemnitee by an insurance carrier under a policy of directors and officers liability insurance maintained by the Company; or

(e) *Claims under Section 16(b).* To indemnify the Indemnitee for Expenses and the payment of profits arising from the purchase and sale by the Indemnitee of securities in violation of Section 16(b) of the Exchange Act or any similar successor statute; or

(f) *Required Reimbursement*. To indemnify the Indemnitee for any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that (i) arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, or the payment to the Company of profits arising from the purchase and sale by the Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act of 2002, (ii) arise pursuant to regulations or policies adopted in compliance with Section 954 of the Investor Protection and Securities Reform Act of 2010); or

(g) *Company Right to Participate in Defense.* To indemnify the Indemnitee for Expenses if the Company was not given a reasonable time and opportunity, at its expense, to participate in the defense of such action, unless such participation was barred by this Agreement.

In the event that a judgment or other final adjudication adverse to the Indemnitee establishes that his or her acts or omissions (i) were in breach of the Indemnitee's duty of loyalty to the Company or its shareholders, as defined in subsection (3) of N.J.S. 14A2-7, (ii) were not in good faith or involved a knowing violation of law, or (iii) resulted in the receipt by the Indemnitee of an improper personal benefit, the Indemnitee shall promptly disgorge and pay over to the Company any amounts theretofore paid to the Indemnitee pursuant to this Agreement, including any advance of Expenses pursuant to Section 3.

Section 12. Effectiveness of this Agreement. This Agreement shall be effective as of the date set forth on the first page and shall apply to acts or omissions of the Indemnitee which occurred prior to such date if the Indemnitee was serving in any Corporate Status at the time such act or omission occurred.

Section 13. Construction of Certain Phrases.

"**Change in Control**" shall mean either: (1) a change in the membership of the Board such that one-third or more of its members were neither recommended nor elected to the Board by a majority of those of its members (A) who are not Affiliates or Associates or representatives of a beneficial owner described in clause (2) below or (B) who were members of the Board prior to the time the beneficial owner became such; or (2) the attainment of "beneficial ownership" (as defined in Rule 13d-3 under the Exchange Act, as Rule 13d-3 was in existence as of the date hereof) by any person, corporation or other entity, or any group, including associates or affiliates of such beneficial owner, of more than 10% of the voting power of all classes of Capital Stock, other than by any such entity that held more than such percentage as of the date hereof.

"**Corporate Status**" means the status of a person who is or was a director, officer, trustee, general partner, managing member, fiduciary, board of directors' committee member, employee or agent of the Company or of any other Enterprise.

"**Disinterested Director**" means a director who is not and was not a party to the Proceeding in respect of which indemnification is being sought by the Indemnitee.

"**Enterprise**" means the Company, any subsidiary and any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which the Indemnitee is or was or may be deemed to be serving at the request of the Company as a director, officer, trustee, general partner, managing member, fiduciary, board of directors' committee member, employee or agent.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"**Expenses**" means all reasonable costs, fees and disbursements (including, without limitation, reasonable attorneys' fees, retainers, court costs, costs of transcripts, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses) reasonably and actually incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding, or responding to, or objecting to , a request to provide discovery in any Proceeding. Expenses shall also include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by the Indemnitee or the amount of judgments of fines against the Indemnitee.

"**Independent Counsel**" means a law firm, or a member of a law firm, that is experienced in matters of corporate law and neither currently is, nor in the three (3) years prior to its selection or appointment has been, retained to represent (i) the Company or any of its subsidiaries or affiliates or the Indemnitee in any matter (other than with respect to matters concerning the Indemnitee under this Agreement or of other the Indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or the Indemnitee in an action to determine the Indemnitee's rights under this Agreement.

"**Juniper**" means Juniper Targeted Opportunity Fund, L.P. and Juniper Targeted Opportunities, L.P.

"**Proceeding**" means any threatened, pending or completed action, derivative action, suit, claim, counterclaim, cross claim, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether civil (including intentional and unintentional tort claims), criminal, administrative or investigative, formal or informal, including any appeal therefrom, and whether instituted by or on behalf of the Company or any other party, or any inquiry or investigation that the Indemnitee in good faith believes might lead to the institution of any such action, suit or other proceeding hereinabove listed in which the Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of any Corporate Status of the Indemnitee, or by reason of any action taken (or failure to act) by him or her or of any action (or failure to act) on his or her part while serving in any Corporate Status.

Section 14. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which together shall constitute one and the same Agreement.

Section 15. Successors and Assigns. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of the Indemnitee and the Indemnitee's estate, heirs, legal representatives and assigns. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by written agreement in form and substance satisfactory to the Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

Section 16. Notice. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand or recognized courier and receipted for by the party addressee, on the date of such receipt, (ii) if mailed by domestic certified or registered mail with postage prepaid, on the third business day after the date postmarked, or (iii) if sent by confirmed facsimile, on the date sent. Notices shall be addressed as follows:

(a) if to the Company:

Lincoln Educational Services Corporation
200 Executive Drive, Suite 340
West Orange, New Jersey 07052
Attention: General Counsel

(b) if to the Indemnitee, to the address of the Indemnitee set forth under the Indemnitee's signature below; or to such other address or attention of such other person as any party shall advise the other parties in writing.

Section 17. Choice of Law. This Agreement shall be governed by and its provisions construed in accordance with the laws of the State of New Jersey as applied to contracts made and to be performed in such State without giving effect to its principals of conflicts of laws. The Indemnitee may bring an action seeking resolution of disputes or controversies arising under or in any way related to this Agreement in a state or federal court in the State of New Jersey. The Company and the Indemnitee hereby irrevocably and unconditionally (a) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the courts of the State of New Jersey and not in any other state or federal court in the United States, (b) consent to submit to the exclusive jurisdiction of the courts of the State of New Jersey for purposes of any action or proceeding arising out of or in connection with this Agreement, (c) waive and agree not to plead or make any claim that the courts of the State of New Jersey lack venue or that any such action or proceeding brought in the courts of the State New Jersey have been brought in an improper or inconvenient forum.

Section 18. Amendments. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be binding unless in the form of a writing signed by the party against whom enforcement of the waiver is sought. Except as specifically provided in this Agreement, no failure to exercise or any delay in exercising any right or remedy hereunder shall constitute a waiver thereof.

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

LINCOLN EDUCATIONAL
SERVICES CORPORATION

By: _____
Name: Scott M. Shaw
Title: Chief Executive Officer

THE INDEMNITEE

By: _____
Name:
Title:

EXHIBIT 31.1

CERTIFICATION

I, Scott Shaw, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lincoln Educational Services Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2019

/s/ Scott Shaw
Scott Shaw
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Brian Meyers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lincoln Educational Services Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2019

/s/ Brian Meyers
Brian Meyers
Chief Financial Officer

EXHIBIT 32

CERTIFICATION

Pursuant to 18 U.S.C. 1350 as adopted by
Section 906 of the Sarbanes-Oxley Act of 2002

Each of the undersigned, Scott Shaw, Chief Executive Officer of Lincoln Educational Services Corporation (the "Company"), and Brian Meyers, Chief Financial Officer of the Company, has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2019 (the "Report").

Each of the undersigned hereby certifies that, to his respective knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2019

/s/ Scott Shaw

Scott Shaw
Chief Executive Officer

/s/ Brian Meyers

Brian Meyers
Chief Financial Officer

EXHIBIT 99

Lincoln Educational Services Corporation Increases Liquidity and Strengthens Balance Sheet to Leverage Growth Opportunities; Completes $60 Million New Credit Facility and Raises $12.7 Million in Private Placement of Convertible Preferred Stock

WEST ORANGE, N.J., November 14, 2019 – Positioning itself for future growth opportunities, Lincoln Educational Services Corporation (Nasdaq: LINC) completed two financing transactions increasing liquidity by approximately $35 million and bolstering its balance sheet.

The additional liquidity provided by these transactions will strengthen the Company's balance sheet and provide flexibility to execute long-term growth initiatives such as expansion of existing high demand programs, the addition of new programs with strong employer demand and the expansion of the existing call center which reaches prospective students throughout the country. In addition, the Company plans to explore strategic acquisitions consistent with the Company's core business, upgrade training equipment to enhance the student experience, and increase marketing investments that will cost-effectively expand our reach to potential new students in key markets while raising overall brand awareness.

New Credit Facility

The Company executed a new credit agreement with its current lender, Sterling National Bank, comprised of four separate facilities providing in the aggregate $60 million The facilities are comprised of: 1) a $20 million term loan funded at closing to refinance the existing facility; 2) a $10 million delayed draw term loan; 3) a $15 million committed revolving line of credit, with a sublimit of up to $10 million for standby letters of credit; and 4) a $15 million cash collateralized line of credit. All of the facilities are senior secured with the term loans maturing in five years, the revolving line of credit maturing in three years, and the cash collateralized line of credit maturing on January 31, 2021.

The new credit facility will increase the Company's available liquidity by approximately $25.0 million supporting working capital and growth initiatives. The Company further anticipates to realize annualized interest savings of approximately $1.0 million as a result of a reduction in the interest rate by an anticipated 30%. The Company's prior credit facility as of the closing had an outstanding balance of $21.8 million.

Private Placement of Convertible Preferred Stock

The Company completed a private placement of 12,700 shares of Series A 9.6% Convertible Preferred Stock (the "Series A Preferred Stock") to affiliates of Juniper Investment Company, LLC ("Juniper") and another investor parties yielding aggregate gross proceeds of $12.7 million.

Each share of Series A Preferred Stock is initially convertible into approximately 424 shares of Lincoln Educational Services Corporation common stock, representing a conversion premium of 40% based upon Lincoln's closing stock price of $1.68 per share on the NASDAQ on November 14, 2019. Beginning November 14, 2024, the Company can redeem outstanding Series A Preferred Stock under certain circumstances at a price determined pursuant to the terms of the agreement. The Series A Preferred Stock may be voted on an as-converted basis with the common stock, however both the voting rights and conversion rights are subject to a 19.99% ownership cap for each investor.

In connection with the transaction, John Bartholdson, a co-founder and Partner of Juniper Investment Company, an affiliate of the lead investors, will join the Company's Board of Directors as an independent member, increasing the number of Board members to 8, with 7 being independent. Mr. Bartholdson brings more than 25 years of experience and expertise in investment management, corporate strategy and service on a variety of public and private company boards. Mr. Bartholdson was a Partner of Stonington Partners, where he worked from 1997-2011. Previously, he was an analyst at Merrill Lynch Capital Partners from 1992-1994. Mr. Bartholdson received his B.A. from Duke University and his M.B.A. from Stanford Graduate School of Business.

"The increased liquidity positions us to capitalize on new growth opportunities at an exciting time, as we achieved eight consecutive quarters of year-over-year start growth as of September 30, 2019, in the tightest labor market we have experienced in decades, " said Scott Shaw, President and CEO. "The new credit facility and private placement significantly expands our working capital availability and lowers our interest costs. We are grateful for the trust and confidence of Juniper's investors that joined us in our mission to provide superior education and training to our students. This financing reflects our shared excitement for Lincoln's near-term and long-term growth opportunities. We are pleased to welcome John to our Board of Directors with his wealth of knowledge and expertise that will benefit our organization."

Mr. Bartholdson stated, "I appreciate the opportunity to join Lincoln's Board of Directors, as I see an unwavering commitment over the past 70 years to advance students through career technical education and training. I also see the opportunity for Lincoln to capitalize on additional growth opportunities using the expanded liquidity that our investment and the new credit agreement provide. I look forward to working with Scott, the Board and the entire team at Lincoln as they continue to make progress on their strategic initiatives to drive improved student outcomes, operating performance, financial results and shareholder value."

Additional information regarding the terms of the new credit facility and the private placement of the Series A Preferred Stock is provided in the Current Report on Form 10Q to be filed with the SEC on November 14, 2019.

ABOUT LINCOLN EDUCATIONAL SERVICES CORPORATION

Lincoln Educational Services Corporation is a provider of diversified career-oriented post-secondary education and helping to provide solutions to America's skills gap. Lincoln offers recent high school graduates and working adults degree and diploma programs. The Company operates under three reportable segments: Transportation and Skilled Trades, Healthcare and Other Professions and Transitional. Lincoln has provided the nation's workforce with skilled technicians since its inception in 1946. For more information, go to www.lincolntech.edu.

SAFE HARBOR

Statements in this press release and in oral statements made from time to time by representatives of Lincoln Educational Services Corporation regarding Lincoln's business that are not historical facts may be "forward-looking statements" as that term is defined in the federal securities law. The words "may," "will," "expect," "believe," "anticipate," "project," "plan," "intend," "estimate," and "continue," and their opposites and similar expressions are intended to identify forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all. Generally, these statements relate to business plans or strategies, projected or anticipated benefits from acquisitions or dispositions to be made by the Company or projections involving anticipated revenues, earnings or other aspects of the Company's operating results. The Company cautions you that these statements concern current expectations about the Company's future performance or events and are subject to a number of uncertainties, risks and other influences many of which are beyond the Company's control, that may influence the accuracy of the statements and the projects upon which the statements are based. The events described in forward-looking statements may not occur at all. Factors which may affect the Company's results include, but are not limited to, the risks and uncertainties discussed in the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the Securities and Exchange Commission. Any one or more of these uncertainties, risks and other influences could materially affect the Company's results of operations and financial condition and whether forward-looking statements made by the Company ultimately prove to be accurate and, as such, the Company's actual results, performance and achievements could materially differ from those expressed or implied in these forward-looking statements. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to, our failure to comply with the extensive regulatory framework applicable to our industry or our failure to obtain timely regulatory approvals in connection with acquisitions or a change of control of our Company; our success in updating and expanding the content of existing programs and developing new programs for our students in a cost-effective manner or on a timely basis; risks associated with changes in applicable federal laws and regulations; uncertainties regarding our ability to comply with federal laws and regulations, such as the 90/10 rule and prescribed cohort default rates; risks associated with the opening of new campuses; risks associated with integration of acquired schools; industry competition; our ability to execute our growth strategies; conditions and trends in our industry; general economic conditions; and other factors discussed in the "Risk Factors" section of our Annual Reports and Quarterly Reports filed with the Securities and Exchange Commission. All forward-looking statements are qualified in their entirety by this cautionary statement, and Lincoln undertakes no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise after the date hereof.

LINCOLN EDUCATIONAL SERVICES CORPORATION
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