

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

FORM 8-K

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

Date of Report (Date of earliest event reported): May 7, 2020

AVID TECHNOLOGY, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

1-36254
(Commission File Number)

04-2977748
(I.R.S. Employer
Identification No.)

75 Network Drive, Burlington, Massachusetts 01803
(Address of Principal Executive Offices) (Zip Code)

(978) 640-6789
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class
Common Stock, \$.01 par value

Trading Symbol
AVID

Name of each exchange on which registered
Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

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. ☐

Item 1.01 Entry into a Material Definitive Agreement.

On May 7, 2020, Avid Technology, Inc. (the “Company”) executed an unsecured promissory note (the “Note”) with Citizens Bank N.A. to evidence a loan to the Company in the amount of \$7,800,000 under the Paycheck Protection Program (the “PPP”) established under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), administered by the U.S. Small Business Administration (the “SBA”).

In accordance with the requirements of the CARES Act, the Company expects to use the proceeds from the loan exclusively for qualified expenses under the PPP, including payroll costs, mortgage interest, rent and utility costs. Interest will accrue on the outstanding balance of the Note at a rate of 1.00% per annum. The Company expects to apply for forgiveness of up to the entire amount of the Note. Notwithstanding the Company’s eligibility to apply for forgiveness, no assurance can be given that the Company will obtain forgiveness of all or any portion of the amounts due under the Note. The amount of forgiveness under the Note is calculated in accordance with the requirements of the PPP, including the provisions of Section 1106 of the CARES Act, subject to limitations and ongoing rule-making by the SBA and the maintenance of employee and compensation levels.

Subject to any forgiveness granted under the PPP, the Note is scheduled to mature two years from the date of first disbursement under the Note. The Note may be prepaid at any time prior to maturity with no prepayment penalties. The Note provides for customary events of default, including, among others, those relating to failure to make payments, bankruptcy, and significant changes in ownership. The occurrence of an event of default may result in the required immediate repayment of all amounts outstanding and/or filing suit and obtaining judgment against the Company. The Company’s obligations under the Note are not secured by any collateral or personal guarantees.

In connection with the Note, the Company entered into an amendment to its credit facility in which the agents and the lenders thereunder consented to the Company's borrowing of a loan under the PPP pursuant to the Note.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant.

The information under Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit</u> <u>Number</u>	<u>Description</u>
99.1	<u>Paycheck Protection Note, dated May 7, 2020, in favor of Citizens Bank N.A.</u>

SIGNATURE

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.

AVID TECHNOLOGY, INC.

(Registrant)

Date: May 7, 2020

By: /s/ Kenneth Gayron

Name: Kenneth Gayron

Title: Executive Vice President and Chief Financial Officer

PAYCHECK PROTECTION NOTE

VIRGINIA BORROWERS: THIS INSTRUMENT CONTAINS A CONFESSION OF JUDGMENT PROVISION WHICH CONSTITUTES A WAIVER OF IMPORTANT RIGHTS YOU MAY HAVE AS A DEBTOR AND ALLOWS THE CREDITOR TO OBTAIN A JUDGMENT AGAINST YOU WITHOUT FURTHER NOTICE.

SBA Loan #	1159137310
SBA Loan Name	Avid Technology Inc
Date	4/28/2020
Loan Amount	\$7,800,000.00
Fixed Interest Rate	1.0%
Borrower	Avid Technology Inc
Lender	Citizens Bank N.A. 1 Citizens Plaza Providence, RI 02903

1. PROMISE TO PAY:

In return for the Loan, Borrower promises to pay to the order of Lender the amount of \$7,800,000.00 Dollars, interest on the unpaid principal balance, and all other amounts required by this Note.

2. DEFINITIONS:

"Forgiveness Period" means the 8-week period beginning on the date of first disbursement of the Loan.

"Loan" means the loan evidenced by this Note.

"Loan Documents" means the documents related to this loan signed by Borrower.

"Program" means the Paycheck Protection Program created by the Coronavirus Aid, Relief, and Economic Security Act, also known as the "CARES Act" (P.L. 116-136).

"SBA" means the Small Business Administration, an Agency of the United States of America.

3. LOAN FORGIVENESS; PAYMENT TERMS:

A. Loan Forgiveness: Borrower may apply to Lender for forgiveness of the amount due on the Loan in an amount equal to the sum of the following costs incurred by Borrower during the 8-week period beginning on the date of first disbursement of the Loan:

- i. Payroll costs
- ii. Any payment of interest on a covered mortgage obligation (which shall not include any prepayment of or payment of principal on a covered mortgage obligation)
- iii. Any payment on a covered rent obligation

iv. Any covered utility payment

The amount of loan forgiveness shall be calculated (and may be reduced) in accordance with the requirements of the Program, including the provisions of Section 1106 of the CARES Act. Not more than 25% of the amount forgiven can be attributable to non-payroll costs. If Borrower has received an SBA Economic Injury Disaster Loan ("EIDL") during the period between January 1, 2020 and April 4, 2020 and used the proceeds of that EIDL for payroll costs, that amount shall be subtracted from the loan forgiveness amount.

Forgiveness will be subject to Borrower's submission to Lender of information and documentation as required by the SBA and Lender.

B. Submission of Information and Documents: Forgiveness will be subject to Borrower's submission to Lender of information and documentation as required by the SBA and Lender. Not before July 1, 2020 and by August 15, 2020, Borrower shall provide Lender with information, in form and substance acceptable to Lender, specifying the amount of forgiveness Borrower requests, together with all documentation required by the CARES Act, the SBA and/or Lender to evidence and/or verify such information. Required information shall include, without limitation:

- (i) the total dollar amount of payroll costs during the Forgiveness Period and the dollar amounts of covered mortgage interest payments, covered rent payments and covered utilities for the Forgiveness Period to the extent Borrower seeks forgiveness for these costs.
- (ii) the average number of full-time equivalent employees of Borrower per month during (a) the period from February 15, 2020 through June 30, 2020 (the "Covered Period"); (b) the same period in 2019, and (c) if the average number of full-time equivalent employees is lower than the average number for the period described in subsection (ii)(b) above, the period from January 1, 2020 through February 29, 2020;
- (iii) the number of full-time equivalent employees of Borrower as of February 15, 2020, April 26, 2020 and June 30, 2020;
- (iv) the total amount of salary and wages during the Covered Period and during the fourth calendar quarter of 2019 of each employee who had the amount or rate of such salary and wages reduced by more than 25% during the Covered Period from the amount or rate in the fourth quarter of 2019 (each, a "Lowered Employee");
- (v) the rate of salary and wages of each Lowered Employee as of February 15, 2020, April 26, 2020 and June 30, 2020; and
- (v) such further information and documents as Lender or the SBA shall require.

- C. Initial Deferment Period: No payments are due on the Loan for 6 months from the date of first disbursement of the Loan. Interest will continue to accrue during the deferment period.
- D. Maturity: This Note will mature two years from date of first disbursement of the Loan.
- E. Payments from End of Deferment Period through Maturity Date: To the extent the Loan is not forgiven during the deferment period or thereafter, the outstanding balance of the Loan, and interest thereon, shall be repaid in eighteen substantially equal monthly payments of principal and interest, commencing on the first business day after the end of the deferment period.
- F. Payment Authorization: Borrower hereby authorizes Lender to initiate payments from Borrower's bank account, by wire or ACH transfer, for each monthly or other payment required hereunder.

In the event any such payment is unsuccessful, Borrower shall remain liable for such payment and shall take all steps required to make such payment.

- G. Interest Computation; Repayment Terms: The interest rate on this Note is one percent per year. The interest rate is fixed and will not be changed during the life of the Loan. Interest will be calculated based upon actual days over a 365-day year.
- H. Payment Allocation: Lender will apply each installment payment first to pay interest accrued to the day Lender received the payment, then to bring principal current, and will apply any remaining balance to reduce principal.
- I. Loan Prepayment: Notwithstanding any provision in this Note to the contrary, Borrower may prepay this Note at any time without penalty. Borrower may prepay 20 percent or less of the unpaid principal balance at any time without notice. If Borrower prepays more than 20 percent and the Loan has been sold on the secondary market, Borrower must: (i) give Lender written notice; (ii) pay all accrued interest; and (iii) if the prepayment is received less than 21 days from the date Lender received the notice, pay an amount equal to 21 days interest from the date Lender received the notice, less any interest accrued during the 21 days and paid under (ii) of this paragraph. If Borrower does not prepay within 30 days from the date Lender received the notice, Borrower must give Lender a new notice.

- 4. NON-RECOURSE: Lender and SBA shall have no recourse against any individual shareholder, member or partner of Borrower for non-payment of the loan, except to the extent that such shareholder, member or partner uses the loan proceeds for an unauthorized purpose.

5. USE OF PROCEEDS:

Borrower represents and warrants that all proceeds of the Loan will be used for the following eligible business purposes, as required by the CARES Act: (I) payroll costs; (II) costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums; (III) employee salaries, commissions, or similar compensations; (IV) payments of interest on any mortgage obligation (which shall not include any prepayment of or payment of principal on a mortgage obligation); (V) rent (including rent under a lease agreement); (VI) utilities; and (VII) interest on any other debt obligations that were incurred before February 15, 2020, provided that not less than 75% of expended Loan proceeds shall be devoted to items (I)-(III) above.

6. DEFAULT:

Borrower is in default under this Note if Borrower does not make a payment when due under this Note, or if Borrower:

- A. Fails to do anything required by this Note and other Loan Documents;
- B. Does not disclose, or anyone acting on its behalf does not disclose, any material fact to Lender or SBA;
- C. Makes, or anyone acting on its behalf makes, a materially false or misleading representation to Lender or SBA;
- D. Reorganizes, merges, consolidates, or otherwise changes ownership or business structure without Lender's prior written consent;
- E. Does any of the following after Lender makes a determination (an "Adverse Forgiveness Determination") that the Loan is not entitled to full forgiveness (or in such other period as specified below):

- (i) Defaults on any other loan with Lender;
- (ii) Defaults on any loan or agreement with another creditor, if Lender believes the default may materially affect Borrower's ability to pay this Note;
- (iii) Fails to pay any taxes when due;
- (iv) Becomes the subject of a proceeding under any bankruptcy or insolvency law;
- (v) Has a receiver or liquidator appointed for any part of their business or property;
- (vi) Makes an assignment for the benefit of creditors;
- (vii) Has any adverse change in financial condition or business operation from the date of this Note that continues after the Adverse Forgiveness Determination and that Lender believes may materially affect Borrower's ability to pay this Note; or
- (viii) Becomes the subject of a civil or criminal action from the date of this Note that continues after the Adverse Forgiveness Determination and that Lender believes may materially affect Borrower's ability to pay this Note.

7. LENDER'S RIGHTS IF THERE IS A DEFAULT:

Upon a default by Borrower, without notice or demand and without giving up any of its rights, Lender may:

- A. Require immediate payment of all amounts owing under this Note; or
- B. File suit and obtain judgment.

8. LENDER'S GENERAL POWERS:

Without notice and without Borrower's consent, Lender may:

- A. Incur expenses to collect amounts due under this Note and enforce the terms of this Note or any other Loan Document. Among other things, the expenses may include reasonable attorney's fees and costs. If Lender incurs such expenses, it may demand immediate repayment from Borrower or add the expenses to the principal balance; and
- B. Take any action necessary to collect amounts owing on this Note.

9. WHEN FEDERAL LAW APPLIES:

When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.

10. SUCCESSORS AND ASSIGNS:

Under this Note, Borrower includes the original Borrower's successors, and Lender includes the original Lender's successors and assigns.

11. GENERAL PROVISIONS:

- A. All individuals and entities signing this Note are jointly and severally liable.

- B. Borrower waives all suretyship defenses.
- C. Borrower must sign all documents necessary at any time to comply with the Loan Documents.
- D. Lender may exercise any of its rights separately or together, as many times and in any order it chooses. Lender may delay or forgo enforcing any of its rights without giving up any of them.
- E. Borrower may not use an oral statement of Lender or SBA to contradict or alter the written terms of this Note.
- F. If any part of this Note is unenforceable, all other parts remain in effect.
- G. To the extent allowed by law, Borrower waives all demands and notices in connection with this Note, including presentment, demand, protest, and notice of dishonor. Borrower also waives any defenses based upon any claim that Lender did not obtain any guarantee or collateral.

12. STATE-SPECIFIC PROVISIONS:

- A. If Borrower's principal place of business is in Delaware, the following provision applies:

CONFESSION OF JUDGMENT. BORROWER HEREBY IRREVOCABLY AUTHORIZES AND EMPOWERS ANY ATTORNEY-AT-LAW, AFTER THE OCCURRENCE OF A DEFAULT, TO APPEAR IN ANY COURT OF RECORD AND TO CONFESS JUDGMENT AGAINST BORROWER FOR THE UNPAID AMOUNT OF THIS NOTE, AND TO RELEASE ALL ERRORS, AND WAIVE ALL RIGHTS OF APPEAL. IF A COPY OF THIS NOTE, VERIFIED BY AN AFFIDAVIT, SHALL HAVE BEEN FILED IN THE PROCEEDING, IT WILL NOT BE NECESSARY TO FILE THE ORIGINAL AS A WARRANT OF ATTORNEY. BORROWER WAIVES THE RIGHT TO ANY STAY OF EXECUTION AND THE BENEFIT OF ALL EXEMPTION LAWS NOW OR HEREFTER IN EFFECT. NO SINGLE EXERCISE OF THE FOREGOING WARRANT AND POWER TO CONFESS JUDGMENT WILL BE DEEMED TO EXHAUST THE POWER, WHETHER OR NOT ANY SUCH EXERCISE SHALL BE HELD BY ANY COURT TO BE INVALID, VOIDABLE, OR VOID; BUT THE POWER WILL CONTINUE UNDIMINISHED AND MAY BE EXERCISED FROM TIME TO TIME AS LENDER MAY ELECT UNTIL ALL AMOUNTS OWING ON THIS NOTE HAVE BEEN PAID IN FULL.

- B. If Borrower's principal place of business is in Maryland, the following provision applies:

POWER TO CONFESS JUDGMENT. BORROWER HEREBY EMPOWERS ANY ATTORNEY OF ANY COURT OF RECORD, AFTER THE OCCURRENCE OF A DEFAULT HEREUNDER, TO APPEAR FOR BORROWER AND, WITH OR WITHOUT COMPLAINT FILED, CONFESS JUDGMENT, OR A SERIES OF JUDGMENTS, AGAINST BORROWER IN FAVOR OF LENDER OR ANY HOLDER HEREOF FOR THE ENTIRE PRINCIPAL BALANCE OF THIS NOTE, ALL ACCRUED INTEREST AND ALL OTHER AMOUNTS DUE HEREUNDER, AND FOR DOING SO, THIS NOTE OR A COPY VERIFIED BY AFFIDAVIT SHALL BE A SUFFICIENT WARRANT. BORROWER HEREBY FOREVER WAIVES AND RELEASES ALL ERRORS IN SAID PROCEEDINGS AND ALL RIGHTS OF APPEAL AND ALL RELIEF FROM ANY AND ALL APPRAISEMENT, STAY OR EXEMPTION LAWS OF ANY STATE NOW IN FORCE OR HEREFTER ENACTED. BORROWER ACKNOWLEDGES AND AGREES THAT, PURSUANT TO THE FOREGOING POWER TO CONFESS JUDGMENT GRANTED TO LENDER, BORROWER IS VOLUNTARILY AND KNOWINGLY WAIVING ITS RIGHT TO NOTICE AND A HEARING PRIOR TO THE ENTRY OF A JUDGMENT BY LENDER AGAINST BORROWER. NO SINGLE EXERCISE OF THE FOREGOING POWER TO CONFESS JUDGMENT, OR A SERIES OF JUDGMENTS, SHALL BE DEEMED TO EXHAUST THE POWER, WHETHER OR NOT ANY SUCH EXERCISE SHALL BE HELD BY ANY COURT TO BE INVALID, VOIDABLE, OR VOID, BUT THE POWER SHALL CONTINUE UNDIMINISHED AND IT MAY BE EXERCISED FROM TIME TO TIME AS OFTEN AS

LENDER SHALL ELECT UNTIL SUCH TIME AS LENDER SHALL HAVE RECEIVED PAYMENT UNTIL ALL AMOUNTS OWING ON THIS NOTE HAVE BEEN PAID IN FULL.

- C. If Borrower's principal place of business is in Missouri, the following provision applies:

Oral or unexecuted agreements or commitments to loan money, extend credit or to forbear from enforcing repayment of a debt including promises to extend or renew such debt are not enforceable, regardless of the legal theory upon which it is based that is in any way related to the credit agreement. To protect you (Borrowers(s)) and us (Creditor) from misunderstanding or disappointment, any agreements we reach covering such matters are contained in this writing, which is the complete and exclusive statement of the agreement between us, except as we may later agree in writing to modify it.

- D. If Borrower's principal place of business is in Oregon, the following provision applies:

UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY [BENEFICIARY]/US CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY GRANTOR'S/BORROWER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY [AN AUTHORIZED REPRESENTATIVE OF BENEFICIARY]/US TO BE ENFORCEABLE.

- E. If Borrower's principal place of business is in Pennsylvania, the following provision applies:

CONFESSION OF JUDGMENT. BORROWER HEREBY IRREVOCABLY AUTHORIZES AND EMPOWERS ANY ATTORNEY OR THE PROTHONOTARY OR CLERK OF ANY COURT IN THE COMMONWEALTH OF PENNSYLVANIA, OR ELSEWHERE, TO APPEAR AT ANY TIME FOR BORROWER AFTER A DEFAULT UNDER THIS NOTE AND WITH OR WITHOUT COMPLAINT FILED, CONFESS OR ENTER JUDGMENT AGAINST BORROWER FOR THE ENTIRE PRINCIPAL BALANCE OF THIS NOTE AND ALL ACCRUED INTEREST, ON WHICH JUDGMENT OR JUDGMENTS ONE OR MORE EXECUTIONS MAY ISSUE IMMEDIATELY; AND FOR SO DOING, THIS NOTE OR A COPY OF THIS NOTE VERIFIED BY AFFIDAVIT SHALL BE SUFFICIENT WARRANT. THE AUTHORITY GRANTED IN THIS NOTE TO CONFESS JUDGMENT AGAINST BORROWER SHALL NOT BE EXHAUSTED BY ANY EXERCISE OF THAT AUTHORITY, BUT SHALL CONTINUE FROM TIME TO TIME AND AT ALL TIMES UNTIL PAYMENT IN FULL OF ALL AMOUNTS DUE UNDER THIS NOTE. BORROWER HEREBY WAIVES ANY RIGHT BORROWER MAY HAVE TO NOTICE OR TO A HEARING IN CONNECTION WITH ANY SUCH CONFESSION OF JUDGMENT AND STATES THAT EITHER A REPRESENTATIVE OF LENDER SPECIFICALLY CALLED THIS CONFESSION OF JUDGMENT PROVISION TO BORROWER'S ATTENTION OR BORROWER HAS BEEN REPRESENTED BY INDEPENDENT LEGAL COUNSEL.

- F. If Borrower's principal place of business is in Virginia, the following provision applies:

Upon any default under this Note Borrower authorizes the clerk of any court and any attorney admitted to practice before any court of record in the United States, on behalf of Borrower, to then confess judgment against the Borrower in favor of Lender in the full amount due on this Note. For the purpose of allowing the Lender to file a confession of judgment in the Commonwealth of Virginia, the Borrower hereby duly constitutes and appoints, its true and lawful attorney-in-fact, to confess judgment against it in any court of record in the Commonwealth of Virginia, and Borrower further consents to the jurisdiction of and agrees that venue shall be proper in the Circuit Court of any county or city of the Commonwealth of Virginia and/or in any other court of record in the Commonwealth of Virginia. Borrower waives all errors, defects and imperfections in the

entry of judgment as aforesaid or in any proceeding pursuant thereto and the benefit of any and every statute, ordinance or rule of court which may be lawfully waived conferring upon Borrower any right or privilege of exemption, stay of execution, or supplementary proceedings, or other relief from the enforcement or immediate enforcement of a judgment or related proceedings on a judgment. The authority and power to appear for and to enter judgment against Borrower shall not be extinguished by any judgment entered pursuant thereto; such authority and power may be exercised on one or more occasions from time to time, in the same or different courts or jurisdictions, as often as Lender shall deem necessary or advisable until all sums due under this Note have been paid in full.

G. If Borrower's principal place of business is in Washington, the following provision applies:

Oral agreements or oral commitments to loan money, extend credit, or to forbear from enforcing repayment of a debt are not enforceable under Washington law.

H. If Borrower is an individual residing in Wisconsin, the following provision applies:

Each Borrower who is married represents that this obligation is incurred in the interest of his or her marriage or family.

13. ARBITRATION CLAUSE:

Borrower agrees to the Arbitration Clause attached as Exhibit A. Lender also agrees to the Arbitration Clause.

14. BORROWER'S NAME AND SIGNATURE:

By signing below, each individual or entity becomes obligated under this Note as Borrower.

BORROWER: Avid Technology Inc

/s/ Ken Gayron
Ken Gayron

ARBITRATION CLAUSE (EXHIBIT A).

Lender (together with its "Related Parties," as defined below, "we," "us" and "our") has put this Clause in question and answer form to make it easier to understand. However, this Clause is part of this Agreement and is legally binding on Borrower ("you" and "your").

<u>Question.</u>	<u>Short Answer.</u>	<u>Further Detail.</u>
Background and Scope.		
What is arbitration?	An alternative to a court case.	In arbitration, a third party arbitrator ("TPA") solves Claims in a hearing. It is less formal than a court case.
Is it different from court and jury trials?	Yes.	The hearing is private. There is no jury. It is usually less formal, faster and less expensive than a lawsuit. Pre-hearing fact finding (called "discovery") is limited. Appeals are limited. Courts rarely overturn arbitration awards.
What is this Clause about?	The parties' agreement to arbitrate Claims.	You and we agree that any party may elect to arbitrate or require arbitration of any "Claim" as defined below.
Who does the Clause cover?	You and us, including certain "Related Parties".	This Clause governs you and us, including our "Related Parties": (1) any parent, subsidiary or affiliate of ours; (2) our employees, directors, officers, shareholders, members and representatives; and (3) any person or company (but not the SBA) that is involved in a Claim you pursue at the same time you pursue a related Claim with us.
What Claims does the Clause cover?	All Claims (except certain Claims about this Clause).	This Clause governs all "Claims" that would usually be decided in court and are between you and us. In this Clause, the word "Claims" has the broadest reasonable meaning. It includes contract and tort (including intentional tort) claims and claims under constitutions, statutes, ordinances, rules and regulations. It includes all claims even indirectly related to your application and/or supplemental application for the Loan, this Note, the Loan or our relationship with you. It includes claims related to any decisions we have made or subsequently make concerning your Loan, including decisions regarding the Loan forgiveness to which you are or are not entitled. It includes claims related to collections, privacy and customer information. It includes claims related to the validity in general of this Note. However, it does not include disputes about the validity, coverage or scope of this Clause or any part of this Clause. All such disputes are for a court and not the TPA to decide.
Who handles the arbitration?	Usually AAA or JAMS.	Arbitrations are conducted under this Clause and the rules of the arbitration administrator in effect at the time the arbitration is commenced. However, arbitration rules that conflict with this Clause do not apply. The arbitration administrator will be either: <ul style="list-style-type: none"> • The American Arbitration Association ("AAA"), 1633 Broadway, 10th Floor, New York, NY 10019, www.adr.org. • JAMS, 620 Eighth Avenue, 34th Floor, New York, NY 10018,

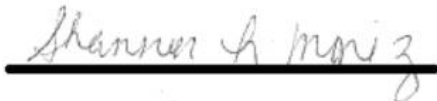
<u>Question.</u>	<u>Short Answer.</u>	<u>Further Detail.</u>
		<p>www.jamsadr.org</p> <ul style="list-style-type: none"> Any other company picked by agreement of the parties. <p>If all the above options are unavailable, a court will pick the administrator. No arbitration brought on a class basis may be administered without our consent by any administrator that would permit class arbitration under this Clause.</p> <p>The TPA will be selected under the administrator's rules. However, the TPA must be a lawyer with at least ten years of experience or a retired judge unless you and we otherwise agree.</p>
Can Claims be brought in court?	Sometimes.	<p>Either party may bring a lawsuit if the other party does not demand arbitration. We will not demand arbitration of any lawsuit you bring as an individual action in small claims court. However, we may demand arbitration of any appeal of a small-claims decision or any small-claims action brought on a class basis.</p>
Are you giving up any rights?	Yes.	<p>For Claims subject to this Clause, you give up your right to:</p> <ol style="list-style-type: none"> 1. Have juries decide Claims. 2. Have courts, other than small-claims courts, decide Claims. 3. Serve as a private attorney general or in a representative capacity. 4. Join a Claim you have with a dispute by other consumers. 5. Bring or be a class member in a class action or class arbitration. <p>We also give up the right to a jury trial and to have courts decide Claims you wish to arbitrate.</p>
Can you or another business start class arbitration?	No.	<p>The TPA is <u>not</u> allowed to handle any Claim on a class or representative basis. All Claims subject to this Clause must be decided in an individual arbitration or an individual small-claims action. This Clause will be void if a court rules that the TPA can decide a Claim on a class basis and the court's ruling is not reversed on appeal.</p>
What happens if part of this Clause cannot be enforced?	It depends.	<p>If any portion of this Clause cannot be enforced, the rest of this Clause will continue to apply, except that:</p> <p>(A) If a court rules that the TPA can decide a Claim on a class or other representative basis and the court's ruling is not reversed on appeal, only this sentence will apply and the remainder of this Clause will be void. AND</p> <p>(B) If a party brings a Claim seeking public injunctive relief and a court determines that the restrictions in this Clause prohibiting the TPA from awarding relief on behalf of third parties are unenforceable with respect to such Claim (and that determination becomes final after all appeals have been exhausted), the Claim for public injunctive relief will be determined in court and any individual Claims seeking monetary relief will be arbitrated. In such a case the parties agree to request that the court stay the Claim for public injunctive relief until the arbitration award pertaining to individual relief has been entered in court.</p> <p>In no event will a Claim for class relief or public injunctive relief be</p>

<u>Question.</u>	<u>Short Answer.</u>	<u>Further Detail.</u>
		arbitrated.
What law applies?	The Federal Arbitration Act ("FAA").	This Agreement and related sale involve interstate commerce. Thus, the FAA governs this Clause. The TPA must apply substantive law consistent with the FAA. The TPA must honor statutes of limitation and privilege rights. Punitive damages are governed by the constitutional standards that apply in judicial proceedings.
Will anything I do make this Clause ineffective?	No.	This Clause stays in force even if you: (1) cancel this Note; (2) default, renew, prepay or pay the Loan in full; or (3) go into or through bankruptcy.
Process.		
What must a party do before starting a lawsuit or arbitration?	Send a written Claim notice and work to resolve the Claim.	Before starting a lawsuit or arbitration, the complaining party must give the other party written notice of the Claim. The notice must explain in reasonable detail the nature of the Claim and any supporting facts. If you are the complaining party, you must send the notice in writing (and not electronically) to our Legal Department, at our normal notice address. You or an attorney you have personally hired must sign the notice and must provide your full name and a phone number where you (or your attorney) can be reached. Once a Claim notice is sent, the complaining party must give the other party a reasonable opportunity over the next 30 days to resolve the Claim on an individual basis.
How does arbitration start?	Mailing a notice.	If the parties do not reach an agreement to resolve the Claim within 30 days after notice of the Claim is received, the complaining party may commence a lawsuit or arbitration, subject to the terms of this Clause. To start arbitration, the complaining party picks the administrator and follows the administrator's rules. If one party begins or threatens a lawsuit, the other party can demand arbitration. This demand can be made in court papers. It can be made if a party begins a lawsuit on an individual basis and then tries to pursue a class action. Once an arbitration demand is made, no lawsuit may be brought and any existing lawsuit must stop.
Will any hearing be held nearby?	Yes.	The TPA may decide that an in-person hearing is unnecessary and that he or she can resolve a Claim based on written filings and/or a conference call. However, any in-person arbitration hearing must be held at a place reasonably convenient to you.
What about appeals?	Very limited.	Appeal rights under the FAA are very limited. Except for FAA appeal rights and except for Claims involving more than \$50,000 (including Claims involving requests for injunctive relief that could cost more than \$50,000), the TPA's award will be final and binding. For Claims involving more than \$50,000, any party may appeal the award to a three-TPA panel appointed by the administrator, which will reconsider from the start anything in the initial award that is appealed. The panel's decision will be final and binding, except for any FAA appeal right. Any appropriate court may enter judgment upon the TPA's award.

<u>Question.</u>	<u>Short Answer.</u>	<u>Further Detail.</u>
Do arbitration awards affect other disputes?	No.	No arbitration award involving the parties will have any impact as to issues or claims in any dispute involving anyone who is not a party to the arbitration, nor will an arbitration award in prior disputes involving other parties have any impact in an arbitration between the parties to this Clause.
Arbitration Fees and Awards.		
Who bears arbitration fees?	Usually, we do.	We will pay all filing, administrative, hearing and TPA's fees if you act in good faith, cannot get a waiver of such fees and ask us to pay.
When will we cover your legal fees and costs?	If you win.	If you win an arbitration, we will pay your reasonable fees and costs for attorneys, experts and witnesses. We will also pay these amounts if required under applicable law or the administrator's rules or if payment is required to enforce this Clause. The TPA shall not limit his or her award of these amounts because your Claim is for a small amount.
Will you ever owe us for arbitration or attorneys' fees?	Only for bad faith.	The TPA can require you to pay our fees if (and only if): (1) the TPA finds that you have acted in bad faith (as measured by the standards set forth in Federal Rule of Civil Procedure 11(b)); and (2) this power does not make this Clause invalid.
Can an award be explained?	Yes.	A party may request details from the TPA, within 14 days of the ruling. Upon such request, the TPA will explain the ruling in writing.

By signing below, we agree to this Arbitration Clause.

LENDER: CITIZENS BANK, N.A.



Shannon L Moniz

Vice President

Loan Operations Manager

