

# Pledged Asset Line® Collateral Control Agreement

1-800-838-6573

This Pledged Asset Line Collateral Control Agreement (as the same may be amended, restated, or supplemented from time to time, "Agreement") is entered into by and between the Pledgor(s) (as defined in the Pledged Asset Line Agreement referred to below), Charles Schwab Bank, SSB ("Schwab Bank") and Charles Schwab & Co., Inc. ("Schwab Brokerage"). Where the words "you" or "your" are used in this Agreement, they will apply to each of the Pledgors, individually and collectively, and as applicable, in their individual and representative capacities.

## 1. Establishment of the Pledged Account

You have granted Schwab Bank a security interest in one or more Schwab Brokerage accounts (individually and collectively, the "Pledged Account") that are acknowledged in a writing executed, authenticated or otherwise approved electronically by Pledgor as being the Pledged Account for purposes of this Agreement and the Pledged Asset Line Agreement between you and Schwab Bank, as the same may be amended, restated or supplemented from time to time (the "Loan Agreement"). The Loan Agreement secures the Obligations (as defined in the Loan Agreement) and the Guaranty Obligations (as defined in the Loan Agreement), as applicable. You have also provided an Application and entered into a Schwab Brokerage Account Agreement with Schwab Brokerage with respect to the Pledged Account (the "Account Agreement"). Capitalized terms used herein shall be used as defined in the Account Agreement, unless otherwise specified.

## 2. Purpose of This Agreement

The purpose of this Agreement is to perfect Schwab Bank's security interest in the Pledged Account by granting Schwab Bank control over the Pledged Account; however, this Agreement does not create Schwab Bank's security interest in the Pledged Account inasmuch as you and Schwab Bank have entered into the Loan Agreement for that purpose.

## 3. Included and Excluded Assets

All assets in the Pledged Account will be treated as financial assets under the Uniform Commercial Code as it may be amended from time to time and be in effect in the State of California (the "Uniform Commercial Code"). Schwab Brokerage will not be responsible for ensuring that any assets held outside of the custody of Schwab Brokerage are not acquired with assets from the Pledged Account. You and Schwab Bank acknowledge that assets for which Schwab Brokerage is not the legal custodian are not covered by this Agreement, even though such assets may be shown on periodic account statements for informational or planning purposes.

## 4. Schwab Bank's Control Over the Pledged Account

During a "Period of Exclusive Control" as defined in Section 1.1, you authorize Schwab Bank to issue, and Schwab Brokerage agrees to comply with, instructions to trade or redeem any assets in the Pledged Account, close open trades, transfer or pay any Pledged Account assets to Schwab Bank or to anyone Schwab Bank designates, and any other instructions with respect to the Pledged Account or the assets in the Pledged Account (each, an "Entitlement Order") initiated by Schwab Bank, without further consent from you. Without limiting the generality of the foregoing, Schwab Bank may issue an Entitlement Order that instructs Schwab Brokerage to sell assets in the Pledged Account without applying the proceeds of such sale to the Obligations. Schwab Brokerage will use commercially reasonable efforts to comply with such Entitlement Orders in accordance with the underlying Application and Pledged Account Agreement. Schwab Brokerage is authorized to take instructions from any person Schwab Brokerage reasonably believes represents Schwab Bank.

## 5. Your Authority to Trade in the Pledged Account

Subject to Section 7 and except during Periods of Exclusive Control or after a Demand (as defined in the Loan Agreement), Schwab Brokerage is authorized by you and Schwab Bank to accept your instructions with respect to (a) buying assets that are not prohibited in the Loan Agreement, (b) selling assets other than as may be prohibited in the Loan Agreement, (c) exercising voting rights, or (d) otherwise managing assets in the Pledged Account ("Trading Instructions"). At any time before a Period of Exclusive Control is in effect, Schwab Brokerage will have no obligation to notify Schwab Bank prior to acting on the permitted Trading Instructions of you or your Advisor (as defined in Section 8).

## 6. Your Authority to Request Withdrawals

At all times prior to the termination of this Agreement and provided that no Demand has occurred and no Period of Exclusive Control has commenced or occurred and is continuing, all instructions from you or your properly authorized

Advisor (to the satisfaction of Schwab Brokerage and Schwab Bank) with respect to withdrawals or disbursements of cash or securities, or both, out of the Pledged Account, for any reason, including purposes other than effecting the clearance or settlement of a trade in the Pledged Account (each, a "Withdrawal Instruction"), will be permitted so long as after giving effect to any withdrawal pursuant to such Withdrawal Instruction (a) no Demand has occurred, and (b) the Loan Value of Collateral (as defined in the Loan Agreement) would not be less than the greater of (i) Outstanding Loans (as defined in the Loan Agreement), or (ii) the Minimum Loan Value of Collateral (as defined in the Loan Agreement).

## 7. Pledged Account Limitations

Schwab Brokerage agrees to use commercially reasonable efforts to maintain the following restrictions on the Pledged Account:

- The Pledged Account will be restricted from trading on margin;
- **Unless otherwise permitted under the Loan Agreement and this Agreement, withdrawals will not be permitted without the consent of Schwab Bank;**
- The Pledged Account will not have checkwriting, debit card, or bill pay privileges;
- The Pledged Account will be restricted from acquiring and will not be permitted to hold the following type of assets: (a) assets held in accounts designated as retirement accounts; (b) securities issued by affiliates of Schwab Bank (other than mutual funds and non-leveraged exchange-traded funds); (c) options; (d) securities that have not been duly authorized and validly issued or are not fully paid and non-assessable; (e) securities that are not freely and fully marketable by Pledgor or Lender, as pledgee, without regard to any holding period, manner of sale, volume limitation, or public information or notice requirement; (f) securities issued or sponsored by The Charles Schwab Corporation (NYSE: SCHW); and (g) other securities identified from time to time by Schwab Bank. As set forth in the Account Agreement, Schwab Brokerage retains its right to decline the deposit of any asset in the Pledged Account at its sole discretion.



In addition to the assets listed above, Schwab Bank is responsible for providing Schwab Brokerage with the list of other assets that may not be held in the Pledged Account. Schwab Brokerage will not be liable to Schwab Bank for complying with Trading Instructions from you that are received by Schwab Brokerage before Schwab Brokerage has confirmed receipt of information relating to Eligible Collateral (as defined in the Loan Agreement) from Schwab Bank and has had time to implement any required changes to its systems.

#### **8. Use of Advisors**

Schwab Brokerage may also accept such Trading Instructions issued by a money manager, investment advisor or other agent that has been appointed by you (each, an "Advisor"). The recognition of an Advisor on the Pledged Account is subject to the eligibility criteria and discretion of both Schwab Brokerage and Schwab Bank. You are solely responsible for making your Advisor aware of the terms of this Agreement and the Loan Agreement.

#### **9. Appointment of Schwab Brokerage as Collateral Service Provider**

While Schwab Brokerage has agreed to maintain the account limitations listed in Section 7 to enforce compliance with the Loan Agreement, you are solely responsible for complying with the terms of the Loan Agreement and may not rely upon Schwab Brokerage's efforts to impose such account limitations. In addition to complying with the account limitations listed above, Schwab Brokerage may provide other services to Schwab Bank with respect to your Pledged Account, including monitoring, consulting and implementing Schwab Bank's instructions and credit policies. Schwab Brokerage and Schwab Bank are affiliates of each other and subsidiaries of The Charles Schwab Corporation. By signing, authenticating or otherwise approving this Agreement electronically, you consent to Schwab Brokerage performing services on behalf of Schwab Bank in relation to the Pledged Account.

#### **10. Release of Information to Schwab Bank**

Upon request, Schwab Brokerage will provide Schwab Bank copies of all periodic statements concerning the Pledged Account that it sends to you in the normal administration of the Pledged Account. In addition, you authorize Schwab Brokerage to provide to Schwab Bank any other information about the Pledged Account requested by Schwab Bank without further notice to or consent from you.

#### **11. Periods of Exclusive Control by Schwab Bank**

From time to time, Schwab Bank may notify Schwab Brokerage that Schwab Bank is assuming exclusive control of the Pledged Account and instruct Schwab Brokerage to suspend your authority to provide Trading

Instructions and Withdrawal Instructions (each, a "Notice of Exclusive Control"). A "Period of Exclusive Control" will begin upon notice to Schwab Brokerage of a Notice of Exclusive Control from Schwab Bank. The Period of Exclusive Control will continue until Schwab Bank notifies Schwab Brokerage that it is canceling its previously issued Notice of Exclusive Control. A Notice of Exclusive Control and a termination of such Notice of Exclusive Control may be sent to Schwab Brokerage in writing or electronically, by such means and in such form as Schwab Bank and Schwab Brokerage may agree. During a Period of Exclusive Control, in addition to the other restrictions set forth in the Loan Agreement or this Agreement (including your inability to withdraw cash or securities from the Pledged Account), you and your Advisor will not be permitted to purchase assets, and you will not be able to liquidate assets. Schwab Brokerage is authorized to take instructions from any person Schwab Brokerage reasonably believes represents Schwab Bank. Notwithstanding anything to the contrary in this Section 11, after a Demand, Schwab Brokerage will not be liable to Schwab Bank for complying with, or to you for failing to comply with, Trading Instructions from you that are received by Schwab Brokerage before Schwab Brokerage receives a Notice of Exclusive Control in accordance with this Agreement.

#### **12. Demand Before Exclusive Control**

After a Demand and prior to delivery of a Notice of Exclusive Control, in addition to not being permitted to withdraw funds or securities from the Pledged Account, you and your Advisor will not be permitted to purchase assets; *provided*, that you will be able to liquidate assets so long as the proceeds of such liquidation are not removed from and remain in the Pledged Account. Schwab Brokerage will use commercially reasonable efforts to restrict your Trading Instructions to instructions for the liquidation of assets. You will not be entitled to advance notice of a Demand. Notwithstanding anything to the contrary in this Section 12, Schwab Bank is responsible for communicating any Demand to Schwab Brokerage. Schwab Brokerage will not be liable to Schwab Bank for complying with, or to you for failing to comply with, Trading Instructions from you that are received by Schwab Brokerage before the close of business on any day when Schwab Brokerage receives notice of a Demand.

#### **13. Corporate Reorganization Offers**

Notwithstanding the limitations and restrictions in this Agreement, even during a Period of Exclusive Control, you and Schwab Bank agree that Schwab Brokerage may accept instructions from you or your Advisor relating to Corporate Reorganization Offers. For purposes of this Agreement, "Corporate Reorganization Offers"

include contingent value rights, currency warrants, Dutch auction tender, exchange offer, index warrants, merger election, oversubscription privilege, put option, redemption with conversion privilege, retention option, rights exercise, tender offer, warrants exercise and warrants redemption.

#### **14. Priority of Schwab Bank's Security Interest**

For so long as this Agreement is in effect, Schwab Brokerage subordinates in favor of Schwab Bank any security interest, lien or right of setoff Schwab Brokerage may have, now or in the future, against the Pledged Account or assets in the Pledged Account, except that Schwab Brokerage will retain its prior lien on assets in the Pledged Account to secure payment for assets purchased for the Pledged Account and normal commissions and fees for the Pledged Account.

#### **15. Disbursement for Fees and Other Charges**

Notwithstanding any provision of this Agreement, Schwab Brokerage may charge the Pledged Account for any commissions, transactions, account fees and other charges associated with the Pledged Account, including, without limitation, asset-based fees, trade execution and related brokerage and advisory services ("Schwab Brokerage Fees"). In addition, notwithstanding any provision of this Agreement, Advisors may charge fees for services rendered by them in connection with the Pledged Account (the "Advisor Fee"). You authorize Schwab Brokerage, and Schwab Bank consents to your authorization, from time to time without prior notice, to debit the Pledged Account to pay Schwab Brokerage Fees and Advisor Fees incurred in connection with the Pledged Account. If the assets in the Pledged Account are not sufficient to compensate Schwab Brokerage for any Schwab Brokerage Fees, you agree to pay Schwab Brokerage on demand the amount due to Schwab Brokerage. You further authorize Schwab Brokerage from time to time and without prior notice to debit any other account you may have with Schwab Brokerage for such amount or amounts due to Schwab Brokerage. Schwab Bank acknowledges and agrees that Schwab Brokerage has the right to charge the Pledged Account for Schwab Brokerage Fees and Advisor Fees incurred in connection with the Pledged Account from time to time, as set forth in this Agreement and the Account Agreement, as said agreements are amended from time to time, and that Schwab Bank has no right to the sums so withdrawn by Schwab Brokerage with respect to Schwab Brokerage Fees.

#### **16. Protection of Schwab Brokerage**

This Agreement does not create any obligations for Schwab Brokerage except for those expressly set forth in this Agreement. Schwab Brokerage will not be liable to you or Schwab Bank for any



expense, claim, loss, damage or cost ("Damages") arising out of or relating to its performance under this Agreement other than those actual Damages incurred that result directly from Schwab Brokerage's failure to exercise reasonable care in connection with this Agreement. Schwab Brokerage will not be liable to you for complying with the restrictions and limitations on your authority set forth in this Agreement or complying with a Notice of Exclusive Control or any other instructions received from any person Schwab Brokerage reasonably believes represents Schwab Bank. Schwab Brokerage has no duty to investigate whether Schwab Bank is authorized under the Loan Agreement to give such Notice of Exclusive Control, Trading Instructions or Withdrawal Instructions or whether Schwab Bank has accurately communicated to Schwab Brokerage information about Eligible Collateral or a Demand. You and Schwab Bank agree that Schwab Brokerage shall not be responsible for any diminution or loss of value of the assets in the Pledged Account attributable to declines in market value. In addition, notwithstanding any other provision in this Agreement, Schwab Brokerage may follow its usual procedures in the event the Pledged Account should be or becomes the subject of any writ, levy, order or other similar judicial or regulatory order or process. In no event will Schwab Brokerage be liable for any special, indirect, exemplary or consequential damages, including but not limited to lost profits.

#### 17. Your Representations and Warranties

You represent and warrant that (a) you have the full power and authority and are competent to enter into this Agreement and perform its obligations hereunder; and (b) you have not assigned or granted a security interest in the Pledged Account or the assets in the Pledged Account now or hereafter deposited in the Pledged Account, except to Schwab Bank.

#### 18. Rules of Construction

The following rules of construction shall apply, unless specifically indicated to the contrary: (i) wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, the feminine and the neuter; (ii) the term "or" is not exclusive; (iii) the term "including" (or any form thereof) is not limiting or exclusive; and (iv) unless otherwise defined herein, all terms defined in the Uniform Commercial Code shall have the respective meanings given to those terms in the Uniform Commercial Code.

#### 19. Term of this Agreement

This Agreement will continue in effect until terminated by Schwab Bank or Schwab

Brokerage as provided in this Section 19. Schwab Bank may terminate this Agreement upon written notice to you and Schwab Brokerage. Promptly following termination of this Agreement by Schwab Bank, unless Schwab Bank provides Schwab Brokerage with a written waiver of the requirement that the Pledged Account be closed, you and Schwab Brokerage agree to cooperate to close the Pledged Account and transfer the securities and cash in the Pledged Account or disburse the Pledged Account proceeds in accordance with your instructions. If you fail to provide Schwab Brokerage with instructions for transfer or disbursement within 60 days of the effective date of the termination of this Agreement, you agree that Schwab Brokerage may, in its sole discretion to the extent permitted by law, (a) transfer the assets in the Pledged Account to another account owned by you at Schwab Brokerage, (b) convert your Pledged Account into another type of account at Schwab Brokerage, (c) restrict the Pledged Account from trading and deposits, or (d) distribute the assets in the Pledged Account to you, in which case you will be responsible for all commissions and any tax consequences resulting from any distributions or liquidations. Schwab Brokerage may terminate this Agreement upon 60 days' prior written notice to you and Schwab Bank. Promptly following receipt of such notice of termination, Schwab Bank and Schwab Brokerage agree to cooperate to close the Pledged Account and transfer the securities and cash in the Pledged Account in accordance with Schwab Bank's instructions. If Schwab Bank has not provided Schwab Brokerage with instructions for transfer of the Pledged Account assets prior to the effective date of the termination of this Agreement by Schwab Brokerage, you and Schwab Bank agree that Schwab Brokerage may close the Pledged Account and transfer all cash and securities in the Pledged Account to Schwab Bank. You and Schwab Bank acknowledge and agree that Schwab Brokerage may be required to liquidate certain securities or money fund shares in order to transfer the Pledged Account in accordance with this paragraph. You will be responsible for all commissions and any tax consequences resulting from any such liquidation, as well as any sale of securities pursuant to any Trading Instructions.

#### 20. Force Majeure

Schwab Brokerage will be excused from failing to act or delay in acting, and no such failure or delay shall constitute a breach of this Agreement or otherwise give rise to any liability of Schwab Brokerage, if (a) such failure or delay is caused by circumstances beyond Schwab Brokerage's reasonable control, including, but not limited to, legal constraint, emergency conditions, action or inaction of governmental, civil or military authority, fire, strike, lockout or other labor

dispute, war, terrorism, riot, theft, flood, earthquake or other natural disaster, breakdown of public or private or common carrier communications or transmission facilities, equipment failure, or act, negligence or breach of you or Schwab Bank or (b) such failure or delay resulted from Schwab Brokerage's reasonable belief that the action would have violated any guideline, rule or regulation of any governmental or self-regulatory authority.

#### 21. Indemnification of Schwab Brokerage

You will indemnify Schwab Brokerage, its affiliates other than Schwab Bank, and their respective directors, officers, employees and agents against, and hold them harmless from, any and all claims, costs, liabilities, expenses and damages of any nature (including, without limitation, any and all court costs and reasonable attorney's fees) in any way arising out of or relating to disputes or legal actions concerning this Agreement. Schwab Bank will indemnify Schwab Brokerage, its other affiliates, and their respective directors, officers, employees and agents against, and hold them harmless from, any and all claims, costs, liabilities, expenses and damages of any nature (including, without limitation, any and all court costs and reasonable attorney's fees) in any way arising out of or relating to disputes or legal actions concerning: (a) Schwab Brokerage's compliance with Entitlement Orders originated by Schwab Bank; (b) Schwab Brokerage's compliance with the limitations on your authority as set forth in this Agreement, any other instructions issued by Schwab Bank regarding limitations on your trading authority or your ability to transfer or withdraw assets from the Pledged Account; (c) the accuracy of information provided by Schwab Bank relating to Eligible Collateral, Demand or Insolvency Event (as defined in the Loan Agreement); or (d) Schwab Brokerage's compliance with any Notice of Exclusive Control from Schwab Bank.

#### 22. Effect of This Agreement

You and Schwab Bank agree that this Agreement supplements the Account Agreement with respect to the Pledged Account, and any related agreement if the Pledged Account is participating in a Schwab Brokerage Service, and that it does not abridge any rights that Schwab Brokerage might otherwise have, except as provided in Section 14 ("Priority of Schwab Bank's Security Interest").

#### 23. Entire Agreement and Survival

This Agreement contains the entire understanding between you, Schwab Bank and Schwab Brokerage relating to the perfection of Schwab Bank's security interest in the Pledged Account. The following provisions will survive termination of this Agreement: Sections 15 ("Disbursement for Fees and Other Charges"), 16 ("Protection of Schwab Brokerage"), 21 ("Indemnification of



Schwab Brokerage”), 25 (“Governing Law”), 26 (“Notices”), 27 (“Amendments and Waiver”), 29 (“Severability; Conflict of Terms”), 30 (“Arbitration”), and 31 (“Waiver of Jury Trial”).

#### 24. Successors and Assigns

You may not assign any of your rights under this Agreement. Schwab Bank may not assign any of its rights under this Agreement without the prior written consent of Schwab Brokerage and upon notice to you. Schwab Brokerage may not assign any of its rights under this Agreement without the prior written consent of Schwab Bank and upon notice to you. This Agreement shall inure to the benefit of and be binding upon the permitted successors and assigns of the parties.

#### 25. Governing Law

This Agreement shall be governed by the law (but not the choice of law doctrines) of the State of California. This is the case regardless of whether you reside or transact business with Schwab Brokerage in California or elsewhere, except that the section entitled “Arbitration” shall be governed by the Federal Arbitration Act.

#### 26. Notices

Schwab Brokerage will direct written communications to Pledgor at the mailing address, email address or facsimile number and oral communications to the telephone number provided on your Account Application, or as you otherwise specify. Unless otherwise stated in this Agreement, all notices under this Agreement that are required to be in writing will be deemed to have been duly given if delivered electronically, personally, delivered by a nationally recognized courier service or mailed by U.S. registered or certified mail, return receipt requested, postage prepaid. All notices under this Agreement that are addressed as provided in this Section 26, (a) if delivered electronically, personally or by a nationally recognized courier service, will be deemed given upon delivery, or (b) if delivered by United States postal mail in the manner described above, will be deemed given on the fifth business day after the day it is deposited in a regular depository of the United States Postal Service. All communications between Schwab Brokerage and Schwab Bank will be made as Schwab Bank and Schwab Brokerage separately agree. All communications

between Schwab Bank and Pledgor, including the method and timing of delivery, shall be governed by the Loan Agreement.

#### 27. Amendments and Waiver

This Agreement may be amended only by written agreement signed, authenticated or otherwise electronically authorized by you, Schwab Bank and Schwab Brokerage, except that Schwab Brokerage may amend its Application or Account Agreement(s), including Schwab Brokerage Fees, as provided in those documents. Failure to insist on strict compliance with this Agreement or with any of its terms or any continued conduct will not be considered a waiver by you, Schwab Bank, or Schwab Brokerage, as applicable, of rights under the Agreement. Notwithstanding the foregoing, you and Schwab Bank and Borrower (as defined in the Loan Agreement) and Schwab Bank, may amend, restate or supplement any of the Loan Documents (as defined in the Loan Agreement), other than this Agreement, without the written acknowledgment thereof by Schwab Brokerage; provided, that such changes do not adversely affect or conflict with the terms of this Agreement or the rights or obligations of Schwab Brokerage hereunder. All references in this Agreement to any terms defined in any such Loan Documents shall be deemed to refer to such terms as defined in the applicable Loan Document, as amended, restated or supplemented from time to time.

#### 28. Binding Nature of Agreement

The Pledgor shall be bound by this Agreement (i) when Schwab Bank and Schwab Brokerage shall have received this Agreement, signed, authenticated or otherwise approved electronically by Pledgor; and (ii) Schwab Bank and Schwab Brokerage have notified Pledgor that this Agreement is effective.

#### 29. Severability; Conflict of Terms

If any term of this Agreement is found to be invalid or unenforceable, all other provisions will remain in full force. If any of the terms of this Agreement conflict with those of the Application, the Loan Agreement, or the Account Agreement, as those documents may be amended from time to time, the provisions contained in this Agreement shall govern and control.

#### 30. Arbitration

Your Account Agreement with Schwab Brokerage includes a predispute arbitration clause. You (including your agents, Advisor and heirs) and Schwab Bank agree to settle any dispute about the Pledged Account or arising out of your relationship with Schwab Brokerage in accordance with the arbitration agreement as set forth in your Account Agreement, which is incorporated by reference in this Agreement.

#### 31. Waiver of Jury Trial

For all other disputes or where the arbitration clause is not enforced, each party agrees to waive its right to a jury trial in any court action arising among the parties, whether under this agreement or otherwise related to this agreement, and whether made by claim, counterclaim, third-party claim or otherwise. The agreement of each party to waive its right to a jury trial will be binding on its successors and assigns.

#### 32. Your Acknowledgment of the Risks Associated With Pledging Your Securities Account

You represent and warrant that you have made an independent determination to pledge your Pledged Account based upon your own analysis. You represent and warrant that you understand the risks associated with entering into this Agreement, including:

- You can lose more assets than you deposit in your Pledged Account.
- Schwab Bank can force the sale of securities in your Pledged Account.
- Your Pledged Account also secures any obligations owed to Schwab Brokerage.
- Schwab Bank may instruct Schwab Brokerage to sell your securities without either Schwab Bank or Schwab Brokerage contacting you.
- You are not entitled to choose which securities in your Pledged Account are liquidated or sold after a Demand or a Notice of Exclusive Control.
- You are not entitled to an extension of time to respond to a Demand.
- You may incur adverse tax consequences if your securities are sold or otherwise liquidated in connection with your pledge of securities as loan collateral.

**Brokerage Products: Not FDIC-Insured • No Bank Guarantee • May Lose Value**

