
LOAN AGREEMENT

EMBRY-RIDDLE AERONAUTICAL UNIVERSITY, INC.

and

VOLUSIA COUNTY EDUCATIONAL FACILITIES AUTHORITY

Dated as of January 1, 2025

\$_____

**Educational Facilities Revenue Refunding Bonds
(Embry-Riddle Aeronautical University, Inc. Project), Series 2025 (Forward Delivery)**

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THIS LOAN AGREEMENT, made and entered into as of January 1, 2025 by and between VOLUSIA COUNTY EDUCATIONAL FACILITIES AUTHORITY, an entity organized and existing under and by virtue of the laws of the State of Florida and designated by law as a body corporate and politic and a public instrumentality of the State of Florida (the "Issuer"), and EMBRY-RIDDLE AERONAUTICAL UNIVERSITY, INC., a Florida not-for-profit corporation (the "Corporation").

WITNESSETH:

WHEREAS, the Issuer was duly created and now exists under Chapter 243, Part I, the Higher Educational Facilities Authorities Law, Florida Statutes (the "Act"); and

WHEREAS, pursuant to the Act the Issuer is authorized to make loans to institutions of higher education (within the meaning of the Act) for the purpose of (i) financing and refinancing the construction, acquisition, equipping and improvement of projects (as defined in the Act) and (ii) refinancing and refunding outstanding obligations of institutions for higher education for the costs of projects and to issue its bonds for the purpose of making such loans and in carrying out any of its powers; and

WHEREAS, the Corporation owns and operates an institution for higher education located within the State of Florida (the "State") and the State of Arizona; and

WHEREAS, the Corporation has requested the Issuer to issue its Educational Facilities Revenue Refunding Bonds (Embry-Riddle Aeronautical University, Inc. Project), Series 2025 (the "Bonds"), the proceeds of which are to be loaned to the Corporation and used, together with other available funds to refund the Issuer's Educational Facilities Revenue Bond (Embry-Riddle Aeronautical University, Inc. Project), Series 2015B maturing on and after October 15, 2026 (the "Refunded Bonds"); and (iii) to pay the cost of issuance of the Bonds (collectively, the "Project"); and

WHEREAS, reference is hereby made to the Master Trust Indenture dated as of February 1, 2015 (the "Original Master Indenture"), between the Corporation and Computershare Trust Company, National Association, successor master trustee to Wells Fargo Bank, National Association, as Master Trustee (the "Master Trustee"), as supplemented from time to time, as particularly supplemented by a Supplemental Indenture for Obligation No. 10 dated as of January 1, 2025 between the Corporation and the Bond Trustee (the "Supplement," and together with the Original Master Indenture, collectively referred to herein as the "Master Indenture"); and

WHEREAS, in order to provide security for the repayment of the Bonds, the Corporation is concurrently with the delivery hereof issuing to the Issuer its Embry-Riddle Aeronautical University, Inc. Obligation No. 10 (2025 Obligation) (the "Series 2025 Obligation") dated January __, 2025 in the principal amount of \$[_____]. The principal amount of the Series 2025 Obligation is equal to the principal amount of the loan being made hereunder by the Issuer to the Corporation with respect to the Bonds and the Issuer shall assign the Series 2025 Obligation to the Bond Trustee, as hereafter defined; and

WHEREAS, the Issuer deems it desirable and in keeping with its purposes under the Act to issue its Bonds and make the proceeds thereof available to the Corporation for the purposes described herein and above; and

NOW THEREFORE, in consideration of the respective provisions, covenants, conditions and agreements herein contained, it is hereby agreed as follows:

ARTICLE I DEFINITIONS

SECTION 1.1. **DEFINITIONS.** For the purposes hereof, unless the context otherwise requires, capitalized terms used herein without definition are defined in the Bond Indenture dated as of January 1, 2025 (the "Bond Indenture"), by and between the Issuer and Computershare Trust Company, National Association, as Bond Trustee (the "Bond Trustee"), shall have the meanings specified in the Bond Indenture and "Event of Default" shall mean any of the events set forth in Section 6.1 hereof.

SECTION 1.2. **INTERPRETATION.**

(a) Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include any and all other genders as the context may require.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meanings, construction or effect hereof.

ARTICLE II REPRESENTATIONS, WARRANTIES AND COVENANTS

SECTION 2.1. **REPRESENTATIONS OF ISSUER.** The Issuer makes the following representations as the basis for its covenants and agreements herein:

(a) It is designated by the Act as a body corporate and politic and a public instrumentality of the State.

(b) It has, by resolution of its Board, authorized the issuance, sale, execution and delivery of the Bonds, and the execution and delivery on its behalf of this Loan Agreement and approved the execution and delivery of the Bond Indenture, the Tax Exemption Agreement and the Escrow Deposit Agreement and the rights of the Issuer hereunder (other than the Issuer's Unassigned Rights) are pledged and assigned to the Bond Trustee as security for the payment of all amounts to become due on the Bonds.

(c) It has not pledged, assigned or granted and will not pledge, assign or grant any of its rights or interest in or under this Loan Agreement or the Series 2025 Obligation for any purpose other than to secure the Bonds.

(d) The Issuer makes no warranty, either express or implied as to the facilities currently owned by the Corporation being refinanced with the proceeds of the Bonds or the condition thereof, or that such facilities will be suitable for the purposes or needs of the Corporation. The Issuer makes no representation or warranty, express or implied, with respect to any part of the Project or its suitability for the Corporation's purposes.

SECTION 2.2. REPRESENTATIONS, WARRANTIES AND COVENANTS OF CORPORATION. The Corporation represents, warrants and covenants that:

(a) It has been duly incorporated and is validly existing and in good standing as a not-for-profit corporation under the laws of the State of Florida. It is qualified to do and is doing business in and is in good corporate standing in the State of Florida, in the State of Arizona and in each other jurisdiction where its qualification or failure to so qualify does not materially and adversely affect its financial condition and results of operations. It has full legal right, power and authority to enter into this Loan Agreement, the Supplement, the Tax Exemption Agreement and the Escrow Deposit Agreement and to carry out and consummate all transactions contemplated herein and by the Tax Exemption Agreement, the Supplement, the Bond Indenture and the Escrow Deposit Agreement. It has, by proper action, duly authorized the execution and delivery of the Loan Agreement, the Supplement, the Escrow Deposit Agreement and the Tax Exemption Agreement, and has approved the execution and delivery of the Bond Indenture and the issuance of the Bonds.

(b) The execution and delivery hereof and the consummation of the transactions herein contemplated, including, and subject to, the application of the proceeds of the Bonds as so contemplated, will not conflict with, or constitute a breach of, or default by it under its articles of incorporation, its bylaws, or any statute, indenture, mortgage, deed of trust, lease, note, loan agreement or other agreement or instrument to which it is a party or by which it or its properties are bound, and will not constitute a violation of any order, rule or regulation or any court or governmental agency or body having jurisdiction over it or any of its activities or properties. It is not knowingly in breach, default or violation of any statute, indenture, mortgage, deed of trust, note, loan agreement or other agreement or instrument which would allow the obligee or obligees thereof to take any action which would materially and adversely affect its performance hereunder or under the Master Trust Indenture.

(c) There are no actions, suits or proceedings of any type whatsoever pending or threatened against or affecting it or its assets, properties or operations which, if determined adversely to it or its interests, would be likely to have a material adverse effect upon its financial condition, assets, properties or operations, and it is not in default with respect to any order or decree of any court or any order, regulation or decree of any federal, state, municipal or governmental agency,

which default would materially and adversely affect its financial condition, its assets, its operation or its properties.

(d) It is a not-for-profit organization organized and operated exclusively for not-for-profit purposes and no part of its earnings inures to the benefit of any person, private shareholder or individual within the meaning of Section 501(c)(3) of the Code or Section 3(a)(4) of the Securities Act of 1933, as amended. It has received a determination letter from the Internal Revenue Service to the effect that it is an organization described in Section 501(c)(3) of the Code, exempt from federal income taxation under Section 501(c)(3) of the Code and is not a private foundation as defined in Section 509(a) of the Code. Such determination letter has not been adversely modified, limited or revoked, and the Corporation is in compliance with all terms and conditions of such letter and the facts and circumstances which form the basis of such letter as represented to the Internal Revenue Service continue substantially to exist.

(e) The Project being financed with the proceeds of the Bonds is not expected to be used in such manner that (i) more than five percent of the net proceeds of the Bonds are to be used, directly or indirectly for any private business use (within the meaning of Section 141 of the Code and the applicable regulations thereunder) of a person which is not (A) a Governmental Unit or (B) an organization described in Section 501(c)(3) of the Code and exempt from taxation under Section 501(a) of the Code with respect to activities of such organization which do not constitute unrelated trades or businesses thereof (within the meaning of Section 513(a) of the Code); or (ii) more than five percent of the net proceeds of the Bonds will be used to make or finance loans directly or indirectly to any person which is not (A) a Governmental Unit or (B) an organization described in Section 501(c)(3) of the Code with respect to activities of such organization which do not constitute unrelated trades or businesses thereof (within the meaning of Section 513(a) of the Code).

(f) No changes will be made in the Project so as to cause it not to constitute a "project" within the meaning of the Act as in effect on the date of issuance of the Bonds or so as to impair the exclusion of interest on the Bonds from federal gross income. The Corporation will use the Project or cause the Project to be used so as to constitute a "project" within the meaning of the Act as in effect on the date of issuance of the Bonds so long as the Bonds are Outstanding.

(g) All property constituting the Project shall be owned by the Corporation and is expected to continue to be owned by an organization described in Section 501(c)(3) of the Code or by a Governmental Unit. The properties constituting the Project shall not be used, and for such time as such properties continue to be owned by the Corporation will not be used, in the trade or business (within the meaning of the Code) of a person who is not a 501(c)(3) organization or a Governmental Unit.

(h) No proceeds of the Bonds will be used to provide working capital for the Corporation or any related entity.

(i) Neither any information, exhibit or report furnished to the Issuer by it in connection with the transactions contemplated hereby nor any of its foregoing representations contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(j) Nothing in this Loan Agreement shall be deemed to amend, or relieve the Corporation of its obligations under the Original Master Indenture and the Supplement. Conversely, to the extent that the provisions of the Original Master Indenture and Supplement allow the Corporation to take certain actions, or not to take certain actions, with regard for example to permitted liens, incurrence of indebtedness, transfers of assets, maintenance of financial ratios and similar matters, the Corporation nevertheless shall also be fully bound by the provisions of this Loan Agreement. The provisions of this Loan Agreement, as well as of the Original Master Indenture and the Supplement, each are individually and collectively for the benefit of the holders of the Bonds and nothing herein or therein contained shall impair as between the Corporation and the Bond Trustee and the Master Trustee the obligations of the Corporation under the Original Master Indenture and the Supplement, or under any other agreements, documents, instruments or certificates which may be delivered under or pursuant to the issuance of the Bonds.

All representations of the Corporation contained herein or in any certificate or other instrument delivered by the Corporation pursuant hereto, to the Bond Indenture, or in connection with the transactions contemplated thereby, shall survive the execution and delivery thereof and the issuance, sale and delivery of the Bonds as representations of facts existing as of the date of execution and delivery of the instrument containing such representation.

ARTICLE III ISSUANCE OF BONDS

SECTION 3.1. ISSUANCE OF BONDS AND APPLICATION OF PROCEEDS. To provide funds for the refunding of the Refunded Bonds as provided herein and in the Bond Indenture, the Issuer agrees to issue the Bonds in accordance with the Bond Indenture and to cause a portion of the proceeds thereof to be deposited pursuant to the Bond Indenture. The deposit of such proceeds shall constitute a loan thereof to the Corporation pursuant to this Loan Agreement.

The Corporation acknowledges the lending of said proceeds and agrees that the proceeds of the Bonds to be made available shall be deposited pursuant to the Bond Indenture.

SECTION 3.2. SECURITY FOR BOND. The Corporation agrees that the principal and redemption price of and the interest on the Bonds shall be payable in accordance with the Bond Indenture and the right, title and interest of the Issuer hereunder and in and to the payments and other amounts paid or payable by the Corporation hereunder and under the Series 2025 Obligation, other than Unassigned Rights of the Issuer, shall be assigned and pledged by the Issuer to the Bond Trustee to secure the payment of the Bonds. The Corporation agrees that all

of the rights accruing to or vested in the Issuer hereunder may be exercised, protected and enforced by the Bond Trustee for or on behalf of the Holder in accordance with the provisions hereof and of the Bond Indenture.

ARTICLE IV PAYMENTS

SECTION 4.1. OBLIGATION TO REPAY PRINCIPAL AND INTEREST.

(a) The Corporation shall duly and punctually pay the Payments due under this Loan Agreement and under the Series 2025 Obligation at the dates and in the places and manner required herein and therein. Notwithstanding any provision hereof to the contrary, the Corporation agrees to make payments to the Issuer and be liable therefor at the times and in the amounts equal to the amounts to be paid as principal, or redemption price of, and interest on the Bonds from time to time Outstanding under the Bond Indenture as the same shall become due whether at maturity, upon redemption, by declaration of acceleration or otherwise, and to provide funds to make all deposits to the funds and accounts created pursuant to the Bond Indenture as required under Article V thereof. The Corporation will duly and punctually pay the principal of, premium, if any, and interest on the Series 2025 Obligation at the dates and the places and in the manner mentioned in the Series 2025 Obligation, according to the true intent and meaning thereof and hereof. Notwithstanding any schedule of payments set forth herein or in the Series 2025 Obligation, the Corporation agrees to make payments upon the Series 2025 Obligation and be liable therefor at the times and in the amounts (including principal, interest and premium, if any) equal to the principal of, premium, if any, and interest on the Bonds from time to time outstanding, whether as regularly scheduled interest or principal payments, at maturity, by mandatory redemption, acceleration or otherwise; provided, however, that the Corporation may be entitled to certain credits on such Payments as permitted herein.

(b) All amounts payable hereunder by the Corporation to the Issuer, except as otherwise expressly provided herein, shall be paid to the Bond Trustee as assignee of the Issuer so long as the Bonds remains Outstanding.

SECTION 4.2. PAYMENTS.

(a) The Payments of moneys referred to in Section 4.1 hereof and in this Section 4.2 and as required by the Series 2025 Obligation shall commence not later than the Business Day prior to April 15, 2025, and shall be made not later than the Business Day prior to any Bond Payment Date.

(b) The Payments in respect of each Bond Payment Date shall include an amount equal to interest to be paid on the Outstanding Bonds on the next Bond Payment Date until the Interest Account contains moneys sufficient for such interest payment.

(c) The Payments due on the Business Day prior to October 15, in each Bond Year ending on a date on which the Bonds matures or is subject to mandatory redemption, shall include an

amount necessary to cause the amount credited to the Principal Account to be equal to the principal payment to come due on the Bonds Outstanding on the next Bond Payment Date.

(d) The Bond Trustee will notify the Corporation in writing of the amount coming due under this Section no later than the fifteenth day of each March and September.

SECTION 4.3. CREDITS FOR PAYMENTS. The Corporation shall receive credit against Payments hereunder in addition to any credits resulting from payment or prepayment from other sources, as follows:

(a) On installments of interest hereunder in an amount equal to moneys deposited in the Interest Account which amounts are available to pay interest on the Bonds and to the extent such amounts have not previously been credited against Payments hereunder.

(b) On installments of principal hereunder in an amount equal to moneys deposited in the Principal Account which amounts are available to pay principal of the Bonds and to the extent such amounts have not previously been credited against Payments hereunder.

(c) On installments of principal, redemption premium, if any, and interest, respectively, hereunder in an amount equal to the aggregate principal amount of the Bonds which has been called by the Bond Trustee for redemption, other than mandatory redemption, prior to maturity and for the redemption of which sufficient amounts are on deposit in the Redemption Account of the Bond Fund created under the Bond Indenture to the extent such amounts have not previously been credited against Payments hereunder, and in an amount equal to the interest that, but for such call for redemption, would accrue on such Bonds from and after the date fixed for redemption thereof and the redemption premium, if any. Such credits shall be made against the installments of principal, redemption premium, if any, and interest hereunder that, but for such call for redemption, would be used to pay principal of and interest on such Bonds when due at maturity.

(d) On installments of principal and interest, respectively, hereunder in an amount equal to the aggregate principal amount of the Bonds (i) acquired by the Corporation and delivered to the Bond Trustee for cancellation, (ii) purchased by the Bond Trustee and canceled or (iii) the payment of which has been provided for in accordance with Article X of the Bond Indenture, and in an amount equal to the interest on such Bonds from and after the date interest thereon has been paid prior to the cancellation or providing for such Bonds from and after the date interest thereon has been paid prior to the cancellation or providing for payment. Such credits shall be made against the installments of principal and interest hereunder that, but for such cancellation or providing for payment, would be used to pay principal and interest on the Bonds when due.

(e) Any moneys deposited by the Bond Trustee from funds provided by the Corporation pursuant to the Series 2025 Obligation or otherwise in the Interest Account or Principal Account with respect to the Bonds then Outstanding shall be credited against the obligation of the Corporation under Section 4.2 hereof to pay interest and principal on Bonds as the same becomes due.

SECTION 4.4. PREPAYMENT.

(a) Amounts due hereunder shall not be subject to prepayment at the option of the Corporation.

(b) The Corporation may also prepay all of its indebtedness hereunder and this Loan Agreement by providing for the payment of the Bonds and all other amounts due in accordance with Article X of the Bond Indenture and on the Series 2025 Obligation.

SECTION 4.5. PAYMENT OF EXPENSES OF BOND TRUSTEE AND ISSUER; OTHER PAYMENTS REQUIRED TO BE MADE BY CORPORATION. In addition to all other payments hereunder, the Corporation agrees to pay the following items to the following persons, which payments shall not be credited against the Payments.

(a) To the Bond Trustee, when due, all reasonable and actual costs, fees and out-of-pocket expenses of the Bond Trustee for services rendered or incurred in performance of its duties under the Bond Indenture and all reasonable and actual fees and charges of any counsel, accountant or other person incurred in the performance of services under the Bond Indenture on request of the Bond Trustee for which the Bond Trustee and such other person are entitled to payment or reimbursement.

(b) To the Issuer, upon demand, all reasonable costs, fees and expenses incurred by it relating to the Bonds and not otherwise required hereunder to be paid by the Corporation, including but not limited to, the fees and costs of counsel to the Issuer related to the issuance of the Bonds, the Issuer audit fees and costs related to the Bond, and all actions taken by the Issuer related to transactions, obligations, rights and duties of the Issuer hereunder or under the Bond Indenture or incurred upon the written request of the Corporation. Such payments shall be made upon written annual requests by the Issuer to the Corporation setting forth the amount of such reasonable expenses. The Corporation will not make any payment of the Corporation's share of such expenses if such payment would violate the provisions of the Tax Exemption Agreement.

(c) The Corporation acknowledges that pursuant to the requirements of the Code, it may be required to pay to the United States certain investment earnings in order to preserve the exclusion from gross income of interest on the Bonds for federal income tax purposes. The Corporation hereby covenants and agrees to pay to the United States at or prior to the date when due, such amounts as may be necessary to preserve such tax-exempt status and shall comply with the Tax Exemption Agreement related to the Bonds.

SECTION 4.6. OBLIGATIONS UNCONDITIONAL. The obligations of the Corporation to make payments pursuant hereto and to perform and observe all agreements on its part contained herein shall be absolute and unconditional. Until payment in full of the Bonds is made or is provided for in accordance with the Bond Indenture, the Corporation (a) will not suspend or discontinue any payments hereunder or neglect to perform any of its duties required hereunder or; (b) will perform and observe all of its obligations set forth in this Loan Agreement and the Escrow Deposit Agreement; and (c) except as provided herein, will not terminate this

Loan Agreement or the Escrow Deposit Agreement, for any cause. In the event the Issuer fails to perform any such obligation, the Corporation may institute such action against the Issuer as the Corporation may deem necessary and to the extent permitted by law to compel performance; provided such action shall not violate the terms or conditions of this Loan Agreement; and provided that no costs, expenses or other monetary relief shall be recovered from the Issuer except as may be payable from the amounts available hereunder or under the Indenture. The Corporation may, however, at its own cost and expense and in its own name or, to the extent lawful and upon written notice to the Issuer, in the name of the Issuer, prosecute or defend any action or proceeding or take any other action involving third persons which the Corporation deems reasonably necessary in order to secure or protect its rights hereunder. In such event the Issuer hereby agrees, to the extent reasonable, to cooperate fully with the Corporation, but at the Corporation's expense, and to take all action necessary to effect the substitution of the Corporation for the Issuer in any such action or proceeding if the Corporation shall so request.

The rights of the Issuer and the Bond Trustee or any party or parties on behalf of whom the Bond Trustee is acting (including, specifically, but without limitation, the right to receive the Payments) shall not be subject to any defense, set off, counterclaim or recoupment whatsoever, whether arising out of any breach of any duty or obligation of the Issuer or the Bond Trustee owing to the Corporation, or by reason of any other indebtedness or liability at any time owing by the Issuer or by the Bond Trustee to the Corporation. Neither shall the rights of the Issuer or the Bond Trustee or any party on behalf of whom the Bond Trustee is acting nor any compliance by the Corporation with such rights nor payment by the Corporation affect any defense or claim or right of counterclaim or recoupment of the Corporation against the Issuer or the Bond Trustee.

SECTION 4.7. PAYMENTS TO BE NET RETURN TO THE ISSUER. The Corporation agrees that the Payments shall be a net return to the Issuer over and above any taxes or charges of any nature whatsoever which may now or hereafter be imposed on the receipts of the Issuer or hereunder.

SECTION 4.8. NO DEBT SERVICE RESERVE FUND. The Corporation is not required to fund a Debt Service Reserve Fund for the Bonds.

ARTICLE V PARTICULAR COVENANTS

SECTION 5.1. CORPORATE EXISTENCE; MERGER.

The Corporation covenants that it shall not consummate any merger or consolidation unless: (i) the resulting or surviving entity will be bound by the conditions contained herein and shall, in writing, assume all obligations hereunder; (ii) the Bond Trustee and the Issuer are presented with an Opinion of Counsel stating that the resulting or surviving entity has validly assumed all obligations of the Corporation hereunder; (iii) the Bond Trustee and the Issuer are advised of such merger or consolidation no later than 30 days before its consummation; and (iv)

no Event of Default shall have occurred and be continuing and such merger shall not cause an Event of Default to occur.

The Corporation covenants that, throughout the term of this Loan Agreement it and any successor or surviving entity will remain qualified to do business in the State and will maintain within the State an office which, or an agent upon whom, service of process may be made.

SECTION 5.2. CERTIFICATE OF COMPLIANCE.

(a) The Corporation will deliver to the Bond Trustee and the Issuer by the date which is the earlier of December 1 of each year, or within five months after the end of each Fiscal Year, a certificate executed by its Corporation Representative stating that:

(i) A review of the activities of the Corporation during such Fiscal Year and of performance hereunder has been made under the Corporation Representative's supervision; and

(ii) The Corporation Representative is familiar with the provisions of this Loan Agreement and to the best of its knowledge, based on such review and familiarity, the Corporation has fulfilled all its obligations hereunder throughout such Fiscal Year, and there have been no defaults under this Loan Agreement or, if there has been a default in the fulfillment of any such obligation in such Fiscal Year, specifying each such default known to it and the nature and status thereof and the actions taken or being taken to correct such default.

SECTION 5.3. INSPECTION. The Corporation will permit reasonable inspection, upon reasonable notice, of the Facilities and all of the Corporation's books, accounts and records relating to the Facilities by the Bond Trustee, or any agent of the Bond Trustee, the Issuer, or any agent of the Issuer.

SECTION 5.4. SUPPLEMENTS. The Corporation will execute, acknowledge and deliver, cause to be executed, acknowledged and delivered, such amendments or supplements hereto and such further instruments as may reasonably be required by the Issuer, the Bond Trustee to carry out the intention of, or to facilitate the performance hereof and of the Bond Indenture.

SECTION 5.5. TAX STATUS.

(a) Corporation agrees that it will remain a not for profit corporation under the laws of the State of Florida, and will do everything within its power to retain its status as an organization described in Section 501(c)(3) and exempt from federal income taxation under Section 501(a) of the Code or corresponding provisions of federal income tax laws from time to time in effect for so long as and to the extent necessary to preserve the validity of the Bonds and the exclusion of interest on the Bonds from gross income for federal income tax purposes, and will remain qualified to do business in the State.

(b) The Corporation will neither take nor fail to take any action, which action or failure to act would result in the interest on the Bonds becoming subject to inclusion as gross income for federal income tax purposes.

(c) The Corporation agrees that neither it nor any related person, as defined in Section 144 of the Code, shall, pursuant to an arrangement, formal or informal, purchase a Bond or other obligations of the Issuer in a total amount related to the total principal amount loaned hereunder.

(d) The Corporation represents and warrants that the average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the Project being financed with the proceeds of the Bonds, all within the meaning of Section 144 of the Code.

(e) The Corporation recognizes that all gross proceeds of the Bonds (including investment income on the proceeds, but excluding only for purposes of this subparagraph (e) any gross proceeds held in the Bond Fund) will not be expended within six months of the date of issuance of the Bond. The Corporation agrees to comply with the requirements of Section 148 of the Code relating to the rebate to the United States and provide evidence to the Bond Trustee of such compliance.

SECTION 5.6. USE OF PROJECT. The Corporation agrees that it will not use any of the Project, or any proceeds of disposition of such Project, or suffer or permit such Project or proceeds to be used:

(a) to the extent that such use will adversely affect the validity of the Bonds or other than as a project for an institution for higher education within the meaning of the Act as in effect on the date of issuance of the Bonds or to prepay the Payments hereunder; or

(b) in any manner or to any extent that would adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes; or

(c) or that will adversely affect its status as an organization described in Section 501(c)(3) and exempt from federal income taxation under Section 501(a) of the Code.

SECTION 5.7. MAINTENANCE AND OPERATION OF THE FACILITIES.

(a) The Corporation covenants and agrees that it will operate and maintain the Facilities in accordance with all governmental laws, ordinances, approvals, rules, regulations and requirements including, without limitation, such zoning, sanitary, pollution and safety ordinances and laws and such rules and regulations thereunder as may be binding upon the Corporation. The Corporation further covenants and agrees that it will maintain and operate the Facilities as an institution for higher education and will maintain and operate the same, and all engines, boilers, pumps, machinery, apparatus, fixtures, fittings and equipment of any kind in or that shall be placed in any building or structure now or hereafter at any time constituting part of the Facilities, in good repair, working order and condition, and that it will from time to time make

or cause to be made all needful and proper replacements, repairs, renewals and improvements so that the efficiency and value of the Facilities shall not be impaired.

(b) Except as otherwise provided in this Loan Agreement, the Issuer reserves no power or authority with respect to the operation of the Project or the Facilities and all activities incident or related thereto, it being the specific intention of the parties hereto that, so long as no Event of Default has occurred and is continuing hereunder, the Corporation shall manage, administer and govern the Project or the Facilities and all other properties, assets and operations of the Corporation in all its activities and affairs on a continuing day-to-day basis.

SECTION 5.8. TAXES, ASSESSMENTS, OTHER GOVERNMENTAL CHARGES AND UTILITY CHARGES. The Corporation covenants and agrees that it will pay and discharge all unpermitted taxes, assessments, governmental charges, water rates, meter charges and other utility charges which may be or have been assessed or which may have become unauthorized liens upon the Facilities, the Project or the interests therein of the Issuer, the Bond Trustee or of the Bondholder, and will make such payments or cause such payments to be made, respectively, in due time to prevent any delinquency thereon or any forfeiture or sale of the Facilities or any part thereof, and upon request, will furnish to the Issuer or the Bond Trustee receipts for all such payments, or other evidences satisfactory to the Bond Trustee; provided, however, that the Corporation may, at its expense and in its own name and behalf in the name and behalf of the Issuer or the Bond Trustee, if the Issuer or the Bond Trustee is a necessary party thereto, sue for a refund of any such taxes, assessments and other charges previously paid as herein provided, or in good faith contest any such taxes, assessments or other charges and, in the event of any such contest, may permit the taxes, assessments or other charges contested to remain unpaid during the period of such contest and any appeal therefrom unless or until the Issuer or the Bond Trustee notifies the Corporation that, or unless or until the Corporation knows that, by nonpayment of any such items the title to or operation of the Facilities will be materially endangered or the Facilities, or any material part thereof, will be subject to imminent loss or forfeiture, in which case such taxes, assessments or charges shall be paid promptly.

SECTION 5.9. INDEMNITY.

(a) The Corporation shall pay, and shall indemnify, defend and hold the Issuer and the Bond Trustee (including any person at any time serving as a director, officer, employee, attorney or agent of the Issuer, or the Bond Trustee, in their capacity as such) harmless from and against, all claims, liabilities, losses, damages, costs, expenses (including reasonable attorney's, fees and expenses), suits and judgments of any kind arising out of: (i) injury to or death of any person or damage to property in or upon any property of the Corporation refinanced or financed, directly or indirectly, out of Bond proceeds or the occupation, use, possession or condition of such property or any part thereof or relating to the foregoing, unless directly caused by the Issuer, the Bond Trustee or their agents; (ii) any violation of any law, ordinance or regulation affecting such property or any part thereof or the ownership, occupation, use, possession or condition thereof; (iii) the issuance and sale of the Bond; (iv) the execution and delivery hereof or of the Bond Indenture or of any document required hereby or thereby or in furtherance of the transactions

contemplated hereby or thereby; (v) the performance of any act required of any indemnitee under this Section, any provision hereof or of the Bond Indenture or in furtherance of the transactions contemplated hereby or thereby, except any caused by the Issuer's, or the Bond Trustee's own gross negligence, fraud or willful misconduct; or (vi) any liability arising out of any action taken by the Issuer or the Bond Trustee under Section 5.8 hereof. This Section 5.9(a) shall be construed to include, but not be limited to any issues relating to the Bond issue, including but not limited to the application, acquisition, construction, operation and maintenance of the Project, repayment of the debt, compliance with tax, securities and other laws and the obtaining and retaining of the tax exempt status on the Bonds.

(b) Any party entitled to indemnity shall promptly, upon receipt of notice of the existence of a claim or the commencement of a proceeding regarding which indemnity under this Section may be sought, notify the Corporation in writing thereof. If such a proceeding is commenced, the Corporation may participate in the proceeding and to the extent it elects to do so, may assume the defense thereof with counsel reasonably satisfactory to the indemnified party. If, however, the Corporation fails to assume the defense of such proceeding or to employ counsel for that purpose reasonably satisfactory to the indemnified party within a reasonable time after notice of commencement of the proceeding, the Corporation shall not be entitled to assume the defense of the proceeding on behalf of the indemnified party, but shall be responsible for the reasonable fees, costs and expenses of the indemnified party in conducting its defense.

(c) Notwithstanding the fact that it is the intention of the parties hereto that neither the Issuer nor the Bond Trustee shall incur any pecuniary liability by reason of the terms of this Loan Agreement or the undertakings required of the Issuer or the Bond Trustee hereunder, by reason of the issuance of the Bond, by reason of the execution of the Indenture or by reason of the performance of any request of the Issuer or the Bond Trustee by the Corporation, including all claims, liabilities or losses arising in connection with the violation of any statutes or regulation pertaining to the foregoing; nevertheless, if the Issuer and/or the Bond Trustee should incur any such pecuniary liability, then in such event the Corporation shall indemnify and hold the Issuer and the Bond Trustee harmless against all claims, demands or causes of action whatsoever, by or on behalf of any person, firm or corporation or other legal entity arising out of the same or out of any offering statement or lack of offering statement in connection with the sale or resale of the Bonds and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the Issuer or the Bond Trustee, the Corporation shall defend the Issuer or the Bond Trustee, respectively in any such action or proceeding. All references to the Issuer or the Bond Trustee in this Section 5.9 shall be deemed to include its commissioners, directors, officers, employees, and agents. Notwithstanding anything to the contrary contained herein, the Corporation shall have no liability to indemnify the Issuer against claims or damages resulting from its own gross negligence or willful misconduct respectively.

(d) The obligations of the Corporation set forth in this Section 5.9 shall survive any termination, release, satisfaction and discharge of the Bond Indenture and this Loan Agreement.

SECTION 5.10. LIMITATION OF ISSUER'S LIABILITY. No obligation of the Issuer under or arising out of this Loan Agreement, or any document executed by the Issuer or in connection with any property of the Corporation refinanced or financed, directly or indirectly, out of Bond proceeds or the issuance, sale or delivery of the Bonds shall impose, give rise to or be construed to authorize or permit a debt or pecuniary liability of, or charge against the general credit of, the Issuer, Volusia County, the State or any political subdivision of the State, but each such obligation shall be a limited special obligation of the Issuer payable solely from the funds available under the Bond Indenture and other amounts derived from payments under this Loan Agreement. Neither the faith and credit nor the taxing power of Volusia County, the State or any political subdivision thereof nor the Issuer is pledged to the payment of the principal of or the interest on the Bond. No act or omission to act by the Issuer shall directly or indirectly or contingently obligate Volusia County, the State or any political subdivision thereof to levy or to pledge any form of taxation whatever therefore or to make any appropriation of the payment of the Bond. Neither the members of the Issuer nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. The Issuer has no taxing power or authority.

SECTION 5.11. NEGATIVE PLEDGE. The Corporation hereby covenants not to grant a lien on or mortgage on the Corporation's real property, except for liens in the ordinary course of business and "Permitted Liens" as defined in the Master Trust Indenture.

SECTION 5.12. ACCREDITATION. The Corporation hereby covenants to, for the term hereof, maintain its accreditation with the Southern Association of Colleges and Schools, or such other similar accreditation agency which is nationally recognized for the accreditation of institutions of higher education.

SECTION 5.13. RIGHT TO DOCUMENTS. So long as the Bonds remain outstanding, all items required to be delivered or addressed to the Master Trustee under the Master Indenture shall, at the request of the Issuer, also be delivered or addressed to the Issuer.

SECTION 5.14. CONTINUING DISCLOSURE. The Corporation covenants and agrees to undertake all responsibilities for compliance with any continuing disclosure requirements as set forth in the Continuing Disclosure Undertaking, and the Issuer shall have no liability to the Owner of the Bond or any other Person with respect to such disclosure matters. Neither the Issuer nor the Bond Trustee has any duty to enforce the continuing disclosure obligations of the Corporation under the Continuing Disclosure Undertaking; however, the Issuer, the Bond Trustee or any Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Corporation to comply with its obligations under the Rule. Notwithstanding any other provision of this Loan Agreement, failure of the Corporation to comply with any continuing disclosure requirements

shall not be an Event of Default. The Issuer shall have no responsibility for the provision of any such disclosure or information.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

SECTION 6.1. EVENTS OF DEFAULT. Each of the following events shall constitute and be referred to herein as an "Event of Default":

- (a) Failure by the Corporation to pay in full any Payment when due, whether at maturity, upon a date fixed for prepayment, by declaration of acceleration or otherwise pursuant to the terms hereof and under the Series 2025 Obligation.
- (b) Material failure of the Corporation to observe or perform any other covenant, condition or agreement in this Loan Agreement or the Master Trust Indenture to be observed or performed by the Corporation for a period of 30 days after written notice to the Corporation from either the Bond Trustee or the Issuer, specifying such failure and requesting that it be remedied; provided, however if the failure stated in the notice cannot be corrected within the applicable period and if corrective action has been instituted by the Corporation within such 30 day period, the Corporation may continue to diligently pursue such corrective action until such failure is corrected; provided, however, that in no event shall such cure period exceed 60 days beyond the initial 30 days.
- (c) If any material representation or warranty made by the Corporation herein or in any document or certificate furnished to the Issuer or the Bond Trustee of the Bonds in connection with the sale of the Bonds or furnished by the Corporation pursuant hereto proves untrue in any material respect as of the date of the issuance or making thereof and has not been corrected within a period of 50 days after written notice to the Corporation from either the Bond Trustee or the Issuer; provided, however, if the incorrect representation or warranty cannot be corrected within the applicable 50-day period, the Corporation may continue to diligently pursue such corrective action for an additional not to exceed forty (40) days until such failure is corrected.
- (d) Any "Event of Default" as defined in the Bond Indenture or under the Master Indenture has occurred and is continuing.
- (e) Any Event of Default shall have occurred and is continuing in connection with any other Agreement under which Additional Indebtedness is incurred on a parity with the lien of this Loan Agreement.

Upon having actual notice of the existence of an Event of Default, the Bond Trustee shall serve written notice thereof upon the Corporation unless the Corporation has expressly acknowledged the existence of such Event of Default in writing delivered by the Corporation to the Bond Trustee or filed by the Corporation in any court.

SECTION 6.2. REMEDIES IN GENERAL. Upon the occurrence and during the continuance of any Event of Default, the Bond Trustee, at its option, may take, and at the direction of the Holders of the Bonds Outstanding, shall take, such action as it deems necessary or appropriate to collect amounts due hereunder, to enforce performance and observance of any obligation or agreement of the Corporation hereunder or to protect the interests securing the same, and may, without limiting the generality of the foregoing:

(a) Exercise any or all rights and remedies given hereby or available hereunder or given by or available under any other instrument of any kind securing the Corporation's performance hereunder.

(b) Take any action at law or in equity to collect the Payments then due, whether on the stated due date, or by declaration of acceleration, but any acceleration shall only be as permitted under the Bond Indenture and the Master Indenture, for damages or for specific performance or otherwise to enforce performance and observance of any obligation, agreement or covenant of the Corporation hereunder.

(c) Apply to a court of competent jurisdiction for the appointment of a receiver of any or all of the property of the Corporation, such receiver to have such powers as the court making such appointment may confer. The Corporation hereby consents and agrees, and will if requested by the Bond Trustee consent and agree at the time of application by the Bond Trustee for appointment of a receiver, to the appointment of such receiver and that such receiver may be given the right, power and authority, to the extent the same may lawfully be given, to take possession of and operate and deal with such property and the revenues, profits and proceeds therefrom, with like effects as the Corporation could do so, and to borrow money and issue evidences of indebtedness as such receiver.

SECTION 6.3. DISCONTINUANCE OR ABANDONMENT OF DEFAULT PROCEEDINGS. If any proceeding taken by the Bond Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Bond Trustee, then and in every case the Issuer, the Bond Trustee and the Corporation shall be restored to their former position and rights hereunder, respectively, and all rights, remedies and powers of the Issuer and the Bond Trustee shall continue as though no such proceeding had taken place.

SECTION 6.4. REMEDIES CUMULATIVE. No remedy conferred upon or reserved to the Issuer, the Master Trustee or the Bond Trustee hereby or now or hereafter existing at law or in equity or by statute, shall be exclusive but shall be cumulative with all others. Such remedies are not mutually exclusive and no election need be made among them, but any such remedy or any combination of such remedies may be pursued at the same time or from time to time so long as all amounts realized are properly applied and credited as provided herein. No delay or omission to exercise any right or power shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient by the Issuer or the Bond Trustee. In the event of any waiver of an Event of Default hereunder, the

parties shall be restored to their former positions and rights hereunder, but no such waiver shall extend to any other or subsequent Event of Default or impair any right arising as a result thereof. In order to entitle the Bond Trustee to exercise any remedy reserved to it, it shall not be necessary to give notice other than as expressly required herein or in the Bond Indenture.

SECTION 6.5. **APPLICATION OF MONEYS COLLECTED.** Any amounts collected pursuant to action taken under this Article shall be applied in accordance with the provisions of Article VII of the Bond Indenture, and, to the extent applied to the payment of amounts due on the Bond, shall be credited against amounts due hereunder.

SECTION 6.6. **ATTORNEYS FEES AND OTHER EXPENSES.** If, as a result of the occurrence of an Event of Default, the Issuer, the Master Trustee, or the Bond Trustee employs attorneys or incurs other expenses for the collection of payments due hereunder or for the enforcement of performance or observance of any obligation or agreement on the part of the Corporation, the Corporation will, on demand, reimburse the Issuer, the Master Trustee, and the Bond Trustee, as the case may be, for the reasonable fees and expenses of such attorneys and such other reasonable expenses so incurred.

ARTICLE VII MISCELLANEOUS

SECTION 7.1. **AMENDMENTS AND SUPPLEMENTS.** This Loan Agreement may be amended, changed or modified in conformance with Article IX of the Bond Indenture.

SECTION 7.2. **APPLICABLE LAW.** This Loan Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State without regard to the conflict of law principles.

SECTION 7.3. **EXECUTION IN COUNTERPARTS; ONE INSTRUMENT.** This Loan Agreement may be executed in several counterparts, each of which shall be an original, and all of which together shall constitute but one instrument.

SECTION 7.4. **SEVERABILITY.** In the event any clause or provision hereof shall be held to be invalid by any court of competent jurisdiction, the invalidity of any such clause or provision shall not affect any of the remaining provisions hereof.

SECTION 7.5. **TIME OF THE ESSENCE; NON-BUSINESS DAYS.** Time shall be of the essence of this Loan Agreement. When any action is provided for herein to be done on a day named or within a specified time period and the day or the last day of the period falls on a day other than a Business Day, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period.

SECTION 7.6. **APPROVAL OF BOND INDENTURE AND ISSUE OF BONDS.** The Corporation hereby approves the Bond Indenture and accepts all provisions contained therein

and in the Master Trust Indenture. The Corporation hereby approves the issuance of the Bonds as prescribed in the Bond Indenture.

SECTION 7.7. LIMITATION OF RIGHTS. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Loan Agreement is intended or shall be construed to give to any person other than the parties hereto, the Master Trustee and the Holder of the Bonds any legal or equitable right, remedy or claim under or in respect to this Loan Agreement or any covenants, conditions or provisions herein contained.

SECTION 7.8. BINDING EFFECT. This instrument shall inure to the benefit of and shall be binding upon the Issuer and the Corporation and its respective successors and assigns subject to the limitations contained herein; provided, however, that the Bond Trustee shall have only such duties and obligations as are expressly assumed by it under the Bond Indenture.

SECTION 7.9. NOTICES.

(a) Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given in writing, mailed by first class mail, postage prepaid and addressed as follows:

(1) If to the Issuer: _____, Chairman, Post Office Box 2023, Daytona Beach, Florida 32114, with copies to Landis Graham French, P.A., 145 East Rich Avenue, Suite C, Deland, Florida 32724, Attention: Channing Coolidge, Esq.

(2) If to the Bond Trustee, addressed to Computershare Trust Company, National Association 600 S. 4th St., 7th Floor, Minneapolis, MN 55415.

(3) If to the Corporation, addressed to Embry-Riddle Aeronautical University, Inc., 1 Aerospace Boulevard, Daytona Beach, Florida 32114 Attention: Senior Vice President and Chief Financial Officer, with copies to the Controller.

(b) The parties listed above may from time to time by notice in writing to the others designate a different address or addresses for notice hereunder.

[Signature page follows.]

IN WITNESS WHEREOF, the Corporation has caused these presents to be signed in its name and on its behalf and attested by its duly authorized officers, and the Issuer has caused these presents to be signed in its name and on its behalf by its duly authorized officers, all as of the day and year first above written.

**EMBRY-RIDDLE AERONAUTICAL
UNIVERSITY, INC.**

[SEAL]

By: _____
Name: [_____]_____
Title: [Senior Vice President and
Chief Financial Officer]

By: _____
Name: [_____]_____
Title: [University Controller]

**VOLUSIA COUNTY EDUCATIONAL
FACILITIES AUTHORITY**

[SEAL]

By: _____
Name: [_____]_____
Title: [Chairman]

By: _____
Name: [_____]_____
Title: [Executive Director]

[Signature Page | Loan Agreement]