

SECOND AMENDMENT TO LOAN AGREEMENT

Dated as of April 1, 2015

Between

UTAH CHARTER SCHOOL FINANCE AUTHORITY,
as Issuer

and

UTAH CHARTER ACADEMIES, dba AMERICAN PREPARATORY ACADEMY OF
DRAPER, dba AMERICAN PREPARATORY ACADEMY – DRAPER 2, dba
AMERICAN PREPARATORY ACADEMY AND THE SCHOOL FOR NEW
AMERICANS, and dba AMERICAN PREPARATORY ACADEMY ACCELERATED
SCHOOL,
as Borrower

\$_[_____]

Utah Charter School Finance Authority
Charter School Revenue Bonds
(Utah Charter Academies Project)
Series 2015

SECOND AMENDMENT TO LOAN AGREEMENT

THIS SECOND AMENDMENT TO LOAN AGREEMENT dated as of April 1, 2015 (this “Second Amendment to Loan Agreement”), is between UTAH CHARTER SCHOOL FINANCE AUTHORITY (the “Issuer”), a body politic and corporate duly organized and validly existing under the laws of the State of Utah formerly known as the State Charter School Finance Authority, and UTAH CHARTER ACADEMIES, dba AMERICAN PREPARATORY ACADEMY OF DRAPER, dba AMERICAN PREPARATORY ACADEMY – DRAPER 2, dba AMERICAN PREPARATORY ACADEMY AND THE SCHOOL FOR NEW AMERICANS, and dba AMERICAN PREPARATORY ACADEMY ACCELERATED SCHOOL (the “Borrower”), a Utah nonprofit corporation designated as a charter school by the State.

WITNESSETH:

WHEREAS, pursuant to the Charter School Financing Act, Title 53A, Chapter 20b, Utah Code Annotated 1953, as amended and the Utah Industrial Facilities and Development Act, Title 11, Chapter 17, Utah Code Annotated 1953, as amended (together, the “Act”), the Issuer is authorized to issue revenue bonds to finance the acquisition, construction or rehabilitation of buildings, structures, property and equipment owned, or to be acquired by, a charter school for any of its educational purposes; and

WHEREAS, on December 30, 2010 the Issuer, issued its Charter School Revenue Bonds (Utah Charter Academies Project) Series 2010 (Taxable Qualified School Construction Bonds) in the original aggregate principal amount of \$8,017,250 (the “Series 2010 Bonds”) pursuant to a Trust Indenture, dated as of December 1, 2010, as supplemented and amended (the “Original Indenture”) between the Issuer and Zions First National Bank, as trustee (the “Trustee”), for the purpose of facilitating the financing of the costs of acquiring, constructing, improving and furnishing charter school facilities located at 3636 West 3100 South in West Valley City, Utah (the “Series 2010 Facilities”), and in connection therewith the Issuer and the Borrower entered into a Loan Agreement dated as of December 1, 2010 (the “Original Loan Agreement”) whereby the Issuer made a loan (the “Original Loan”) of the Series 2010 Bond proceeds to the Borrower; and

WHEREAS, the Borrower has applied for the financial assistance of the Issuer for the purpose of financing or refinancing the acquisition, construction and/or equipping of (i) the Expansion Project (as such term is defined in the First Amendment to Loan Agreement dated as of June 1, 2012 between the Issuer and the Borrower), (ii) additional charter school facilities and the related site located at 12892 S. Pony Express Road in Draper, Utah (the “Draper 1 Campus”), (iii) additional charter school facilities and the related site located at 11938 S. Lone Peak Parkway, Draper, Utah (the “Draper 2 Campus”) and (iv) an expansion to the Accelerated Charter Campus (the “Accelerated Phase 3 Addition” and together with the Expansion Project, the Draper 1 Campus and the Draper 2 Campus, the “Series 2015 Facilities”) each to be owned and operated by the Borrower and all as described on Exhibit A attached hereto; and

WHEREAS, pursuant to and in accordance with the Act, the Issuer proposes to make an additional loan (the “Series 2015 Loan” and together with the “Original Loan”, the “Loan”) to the Borrower pursuant to this Second Amendment to Loan Agreement in order to (i) assist in financing the costs of acquiring, constructing, equipping and furnishing the Series 2015 Facilities, (ii) fund a Debt Service Reserve Fund as set forth in the Indenture, and (iii) pay certain issuance expenses (collectively, the “Series 2015 Project”); and

WHEREAS, the Issuer has determined to issue its Charter School Revenue Bonds (Utah Charter Academies Project) Series 2015 (the “Series 2015 Bonds”) in the aggregate principal amount of \$[_____], pursuant to a Second Supplemental Trust Indenture (the “Second Supplemental Indenture” and together with the Original Indenture, the “Indenture”), between the Issuer and the Trustee, in order to fund the Series 2015 Loan; and

WHEREAS, the Issuer proposes to loan to the Borrower and the Borrower desires to borrow from the Issuer the proceeds of the Series 2015 Bonds for the purposes of financing the Series 2015 Project upon the terms and conditions set forth in this Second Amendment to Loan Agreement and the Original Loan Agreement and all prior amendments thereto (collectively, the “Loan Agreement” or “Agreement”); and

WHEREAS, in order to accomplish the foregoing purposes, the Issuer has authorized the execution and delivery of this Second Amendment to Loan Agreement to supplement the Original Loan Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto covenant, agree and bind themselves as follows, provided that any obligation of the Issuer created by or arising out of this Second Amendment to Loan Agreement shall be a special, limited obligation of the Issuer as provided in Section 12.13 of the Original Loan Agreement.

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. All terms defined in Article I of the Indenture and not otherwise defined herein shall have the same meaning in this Second Amendment to Loan Agreement.

ARTICLE II

REPRESENTATIONS

Section 2.1 Representations by the Issuer. The Issuer represents and warrants that the representations of the Issuer contained in Section 2.1 of the Original Loan Agreement are true and correct as of the date hereof. In addition to the foregoing, the Issuer represents with respect to the issuance of the Series 2015 Bonds the following:

(a) The Issuer has duly authorized the execution, delivery, and performance on its part of the Series 2015 Bond Purchase Agreement, the Second Supplemental Indenture and this Second Amendment to Loan Agreement in connection with the issuance of the Series 2015 Bonds;

(b) The Issuer proposes to issue the Series 2015 Bonds immediately following the execution and delivery of this Second Amendment to Loan Agreement in order to accomplish the purposes set forth in the foregoing recitals. The date, denomination or denominations, interest rate or rates, maturity schedule, redemption provisions and other pertinent provisions with respect to the Series 2015 Bonds are set forth in the Indenture;

(c) The Bonds are limited obligations of the Issuer payable solely from the Trust Estate, do not give rise to a general obligation or liability of the Issuer or charge against its general credit and shall never constitute nor give rise to a pecuniary liability of the Issuer. The Bonds do not constitute a debt, liability or loan of credit or a pledge of the full faith and credit or taxing power of the State of Utah or of any political subdivision thereof. The Issuer shall have no liability to pay the Bonds except from the amounts that it receives under the Agreement.

Section 2.2 Representations and Covenants by the Borrower. The Borrower represents and warrants that the representations of the Borrower contained in the Original Loan Agreement are true and correct as of the date hereof and the Borrower has not breached any of its covenants contained in the Original Loan Agreement. Further, the Borrower represents and warrants that it is not in default under the Original Loan Agreement, or any other Borrower Document and no event of default which with the passage of time or the giving of notice would constitute a default under the Original Loan Agreement or any other Borrower Document has occurred.

As of the date hereof, the Borrower affirms the representations and agrees to be bound by covenants made by the Borrower in the Original Loan Agreement and agrees that such representations and covenants shall be construed and read to include and relate to the Series 2015 Bonds, the Series 2015 Loan, the Series 2015 Facilities and the Series 2015 Project, as applicable.

Section 2.3 Borrower's Tax Covenants. The Borrower represents and warrants that the representations of the Borrower contained in Section 2.3 of the Original Loan Agreement are true and correct as of the date hereof and the Borrower has not breached any of its covenants contained in Section 2.3 of the Original Loan Agreement.

As of the date hereof, the Borrower affirms the representations and agrees to be bound by covenants made by the Borrower in Section 2.3 the Original Loan Agreement and agrees that such representations and covenants shall be construed and read to include and relate to the Series 2015 Bonds, the Series 2015 Loan, the Series 2015 Facilities and the Series 2015 Project, as applicable. All covenants and obligations of the Borrower contained in Section 2.3 of the Original Loan Agreement shall remain in effect and be binding upon the Borrower until all Series of Tax-Exempt Bonds and Qualified School

Construction Bonds have been paid, notwithstanding any earlier termination of the Agreement or any provision for payment of principal of and premium, if any, and interest on the outstanding Series of Bonds and Loan Payments and release and discharge of the Indenture.

Section 2.4 Environmental Representations. The Borrower represents and warrants that the representations of the Borrower contained in Section 2.7 of the Original Loan Agreement are true and correct as of the date hereof and the Borrower has not breached any of its covenants contained in Section 2.7 of the Original Loan Agreement.

As of the date hereof, the Borrower affirms the representations and agrees to be bound by covenants made by the Borrower in Section 2.7 the Original Loan Agreement and agrees that such representations and covenants shall be construed and read to include and relate to the Series 2015 Bonds, the Series 2015 Loan, the Series 2015 Facilities and the Series 2015 Project, as applicable. All covenants and obligations of the Borrower contained in Section 2.7 of the Original Loan Agreement shall remain in effect and be binding upon the Borrower until all Series of Tax-Exempt Bonds and Qualified School Construction Bonds have been paid, notwithstanding any earlier termination of the Agreement or any provision for payment of principal of and premium, if any, and interest on the outstanding Series of Bonds and Loan Payments and release and discharge of the Indenture.

Section 2.5 Borrower's Use of State Payments. The Borrower hereby covenants and agrees that it shall use its State Payments as necessary to make Loan Payments in the amounts necessary to pay principal and interest due on the Bonds and all of its other obligations under the Agreement and the Promissory Notes.

ARTICLE III

THE PROJECT; ISSUANCE OF THE SERIES 2015 BONDS

Section 3.1 Agreement to Issue Series 2015 Bonds; Application of Series 2015 Bond Proceeds and Other Moneys. In order to provide funds to make the Series 2015 Loan for payment of the Cost of the Series 2015 Project, the Issuer will sell and cause to be delivered to the initial purchasers thereof the Series 2015 Bonds and will make such Series 2015 Loan and direct the Trustee to deposit the proceeds of the Series 2015 Bonds as follows:

- (a) into the Series 2015 Project Account of the Project Fund the amount of \$[_____];
- (b) into the Series 2015 Debt Service Reserve Account of the Debt Service Reserve Fund the amount of \$[_____]; and
- (c) into the Cost of Issuance Fund the amount of \$[_____].

[The Borrower shall also deposit \$[_____] of its own funds with the Trustee on or prior to the Closing Date and the Trustee shall deposit such amount into the Cost of

Issuance Fund and disburse funds therefrom in accordance with the Agreement and the Indenture.]

Requisitions to the Trustee for disbursement of moneys from the Project Fund or any account therein for Costs relating to the Series 2015 Project shall be made by the Borrower on the form attached to this Second Amendment to Loan Agreement as Exhibit B, notwithstanding the form of requisition attached as Exhibit B to the Original Loan Agreement. The Borrower hereby guarantees completion of the Series 2015 Facilities before [_____, 20__] and shall use its own moneys as necessary to timely complete construction of the Series 2015 Facilities if proceeds from the Series 2015 Bonds are insufficient.

Section 3.2 Title Insurance. On the date of recordation of the Series 2015 Mortgage, the Trustee shall be provided with a standard owner's title insurance policy insuring the Borrower's fee simple and leasehold interest in and commitment to issue an extended form mortgagee's title insurance policy insuring the Trustee's interest in and Lien against the fee and leasehold interest in the property subject to the Mortgage and the Series 2015 Mortgage, as described on Exhibit A hereto subject to Permitted Encumbrances, in an amount not less than the principal amount of the Series 2015 Bonds with respect to the mortgagee's policy, a copy of which shall be delivered to the Trustee. Each such policy shall be in the form of a standard or extended American Land Title Association Policy, as applicable, and may not permit the title insurer to purchase any Series 2015 Bonds in lieu of providing payment under the policy unless, upon purchase, such Series 2015 Bonds are cancelled. Upon the date of issuance of the Series 2015 Bonds, the Series 2015 Mortgage and the second amendment to the Mortgage shall be recorded in the real property records of Salt Lake County and provide the Trustee with a perfected first priority Lien interest in the property subject to the Series 2015 Mortgage, subject to any Permitted Encumbrances.

Upon the execution by the Borrower of the Series 2015 Mortgage and its subsequent recording, and upon the filing of UCC-1 financing statements or amendments thereto, the Trustee will have a valid first priority Lien on the Issuer's fee simple and leasehold interest in the Series 2015 Project subject to no Liens, charges or encumbrances other than the Permitted Encumbrances, and the Borrower will take all necessary actions including filing continuation statements to preserve such Lien and security interest.

ARTICLE IV

PAYMENT PROVISIONS

Section 4.1 The first paragraph of Section 5.1(a) of the Original Loan Agreement is amended and restated as follows:

- (a) The Borrower shall pay (or cause to be paid) on or prior to the fifth day of each calendar month during the term of this Agreement, (i) commencing after the date of issuance of the Series 2010 Bonds, (after taking into consideration amounts then on deposit in the Bond Interest Fund) amounts

sufficient to pay one-third (1/3) of the interest on the Series 2010 Bonds on the next succeeding Interest Payment Date and the principal on the Series 2010 Bonds on the next succeeding Principal Payment Date, and (ii) commencing after the date of issuance of the Series 2015 Bonds (after taking into consideration amounts then on deposit in the Bond Interest Fund), amounts sufficient to pay one-sixth (1/6) of the interest on the Series 2015 Bonds on the next succeeding Interest Payment Date and on or prior to the fifth calendar day in July, 2017 and on or prior to the fifth day of each calendar month thereafter one-twelfth (1/12) of the principal on the Series 2015 Bonds on the next succeeding Principal Payment Date. All payments made by the Borrower pursuant to this subsection (a) for the purpose of paying principal and interest on the Series 2010 and the Series 2015 Bonds shall be payable on an equal priority basis. Attached to the Original Loan Agreement as Exhibit E is a schedule setting forth the amount of the monthly payments with respect to the Original Loan required under this Section 5.1(a). Attached to this Second Amendment to Loan Agreement as Exhibit C is a schedule setting forth the amount of monthly payments with respect to the Series 2015 Loan required under this Section 5.1(a). Such Exhibit E to the Original Loan Agreement and Exhibit C to this Second Amendment to Loan Agreement are attached for purposes of convenience to the parties and the intention of the schedule is that it corresponds with the amortization schedule relating to Series 2010 Bonds and the Series 2015 Bonds, respectively, established pursuant to the Indenture. In the event such Exhibits do not reflect the correct amount of the monthly Loan payment the Borrower owes, the Borrower shall pay the correct amount sufficient to pay the principal of, premium, if any, and interest on the Bonds that is coming due in accordance with the Indenture and not the amount set forth in such Exhibits. Notwithstanding anything to the contrary in the Agreement, the Borrower shall pay or cause to be paid to the Trustee amounts necessary to ensure that the Trustee has sufficient funds available under the Indenture to pay interest on and principal of the Bonds as such becomes due under the terms of the Indenture.

Section 4.2 Section 5.1(c) of the Original Loan Agreement is amended and restated as follows:

The Borrower shall pay or provide for the payment of all taxes and assessments, general or special, concerning or in any way related to the Facilities and the Project or any part thereof, and any other governmental charges and impositions whatsoever related to the Facilities or the Project, and premiums for insurance policies maintained on the Facilities and the Project as required by this Agreement. The obligation of the Borrower in this paragraph with respect to the Series 2010 Facilities and the Series 2010 Project shall be satisfied to the extent the Borrower makes its required payments under the Lease Agreement. The obligation of the Borrower in this paragraph with respect to the Series 2015 Facilities and the Series 2015 Project shall commence following the Closing Date of the Series 2015 Bonds and the Borrower shall pay to the Trustee each month for deposit into the Tax and Insurance Escrow Fund an amount equal to the Tax and Insurance Escrow Monthly Payment with respect to the Series 2015 Facilities and the Series 2015 Project. After termination of the Lease Agreement and written notification to

the Trustee of such termination, the Borrower shall pay to the Trustee each month for deposit into the Tax and Insurance Escrow Fund an amount equal to the Tax and Insurance Escrow Monthly Payment with respect to the Series 2010 Facilities and the Series 2010 Project.

Section 4.3 Section 5.1(f) of the Original Loan Agreement is amended and restated as follows:

The Borrower agrees to pay or cause to be paid to the Issuer the Issuer's Administration Fee at closing, the Issuer's Annual Fee, plus any other amounts required to reimburse the Issuer for any expenses incurred by the Issuer, whether out-of-pocket or internal, in connection with this Agreement, the Indenture, the Bonds, the Tax Certificate, the Bond Purchase Agreement, the Project or any other instrument or action relating to the foregoing, including fees and disbursements of attorneys of the Issuer. The Borrower shall provide notice of any increase in the Issuer's Annual Fee to the Trustee as soon as practicable following such increase.

Section 4.4 The following subsection (j) is hereby added to Section 5.1 of the Original Loan Agreement as follows:

The Borrower shall reimburse the Issuer for any appropriation made of any other amounts paid on behalf of the Borrower by the State or the Issuer under the Credit Enhancement Program to restore amounts on deposit in the Series 2015 Debt Service Reserve Account of the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement for the Series 2015 Bonds or for any other purpose. Upon such appropriation or payment by the State or Issuer, the Trustee shall notify the Borrower and the Issuer and the Borrower shall be required to immediately reimburse the Issuer the amount appropriated or paid on its behalf.

Section 4.5 Sections 5.2(i) and 5.2(ii) of the Original Loan Agreement are amended and restated as follows:

(i) all of the Borrower's right, title and interest in and to the Project, including all related additions, replacements, substitutions and proceeds for the purposes of securing such Loan; and

(ii) all Pledged Revenues, including (without limitation) revenues, regardless of source, rentals, fees, third-party payments, receipts, donations, contributions or other income of the Borrower, related to the Facilities to the extent permitted by the terms thereof and by law, including all the rights to receive such revenues (each subject to Permitted Encumbrances), all as calculated in accordance with sound accounting practices, proceeds derived from insurance, condemnation proceeds, accounts, contract rights and other rights and assets related to the Facilities, whether now or hereafter owned, held or possessed by the Borrower, and all gifts, grants, bequests and contributions pertaining to the

Facilities (including income and profits therefrom) to the extent permitted by the terms thereof and by law.

Section 4.6 Section 5.4 of the Original Loan Agreement is amended and restated as follows:

Obligations of Borrower Hereunder Unconditional. Except as provided herein, the obligations of the Borrower to make the payments required hereunder and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional and are a recourse and a limited obligation of the Borrower solely related to the Facilities and future State Payments. The Borrower (a) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for herein, (b) will perform and observe all of its other agreements contained in this Agreement, the Mortgage and the Promissory Notes, and (c) except as provided in Article XI hereof, will not terminate this Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure to complete the Project, failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, or change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision of either, any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Agreement, whether express or implied, or any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture, whether express or implied. The Borrower may at its own cost and expense and in its own name or in the name of the Issuer, prosecute or defend any action or proceeding or take any other action involving third persons which the Borrower deems reasonably necessary in order to secure or protect its or its lessees' rights of possession, occupancy and use of the Project.

Section 4.7 Section 5.5 is hereby added to the end of Article V of the Original Loan Agreement:

Section 5.5 Level Annual Debt Service. The Borrower has structured the Series 2015 Bonds and the related Loan such that the annual principal and interest payments for each Fiscal Year in respect of the Series 2015 Bonds and the related Loan shall be substantially level (i.e., as level as practicable); provided however, the Series 2015 Bonds and the related Loan may have a two year period before commencing principal amortization, and amounts on deposit in the Series 2015 Debt Service Reserve Account of the Debt Service Reserve Fund may be applied to make a payment on the Series 2015 Bonds and the related Loan at final maturity.

ARTICLE V

MAINTENANCE, TAXES AND INSURANCE

Section 5.1 Section 6.1 of the Original Loan Agreement is amended and restated as follows:

(a) The Borrower, as lessee under the Lease Agreement, shall operate, maintain and modify the Series 2010 Facilities in accordance with the terms of the Lease Agreement. In the event the Lease Agreement is terminated, the Borrower obtains a fee simple interest in the Series 2010 Facilities and the Borrower's obligations hereunder remain outstanding, the Borrower shall operate, maintain and modify the Series 2010 Facilities as set forth in Section 6.1(b) below. The Borrower shall operate, maintain and modify the Series 2015 Facilities as set forth in Section 6.1(b) below.

(b) The Borrower agrees that the Facilities shall be operated and maintained, in compliance with all governmental laws, building codes, ordinances, and regulations and zoning laws as shall be applicable to the Facilities, unless the same are being contested in good faith by appropriate proceedings which operate to stay any action to foreclose or otherwise realize on any property of the Borrower. The Borrower agrees that during the term of this Agreement it will at its own expense (a) keep the Facilities in a safe condition required by law and (b) except to the extent the Borrower has determined that any portion of the Facilities is obsolete or not useful in its operations, keep the Facilities in good repair and in good operating condition, making from time to time all necessary repairs thereto (including external and structural repairs) and renewals and replacements thereof all of which shall be accomplished in a workmanlike manner in accordance with all applicable laws. The Borrower may also, at its own expense, make from time to time any additions, modifications or improvements to the Facilities it may deem desirable for its purposes that do not substantially reduce its value; provided that all such additions, modifications and improvements made by the Borrower which are affixed to the Facilities shall become a part of the Facilities. The Borrower will not permit the removal of any personal property from the Facilities unless such personal property is obsolete, sold for fair market value or will be replaced with personal property of an equal or greater value. The Borrower will not permit any Liens, security interests or other encumbrances other than Permitted Encumbrances to be established or to remain against the Facilities for labor or materials furnished in connection with the Facilities or any additions, modifications, improvements, repairs, renewals or replacements made by it to the Facilities; provided that if the Borrower first notifies the Trustee of its intention to do so, the Borrower may, so long as no Event of Default has occurred and is continuing, diligently prosecute, in good faith, at its own expense, a contest of any mechanics' or other Liens filed or established against the Facilities and in such event may permit the items contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Facilities or any part thereof will be subject to loss or

forfeiture, in which event the Borrower shall promptly pay and cause to be satisfied and discharged all such unpaid items. The Issuer will, at the expense of the Borrower, cooperate fully with the Borrower in any such contest. In the event that the Borrower shall fail to pay any of the foregoing items required by this Section to be paid by the Borrower, the Issuer or the Trustee may (but shall be under no obligation to) pay the same, and any amounts so advanced therefor by the Issuer or the Trustee shall become an additional obligation of the Borrower under this Agreement to the one making the advance, which amount the Borrower agrees to pay on demand together with interest thereon at a rate which shall be 3% per annum above the highest rate of interest borne by any of the Bonds or the maximum rate permitted by law if less than such rate.

Section 5.2 Section 6.2(b) of the Original Loan Agreement is amended and restated as follows:

Taxes, Other Governmental Charges and Utility Charges.

(b) With respect to (i) the Series 2010 Facilities, in the event the Lease Agreement is terminated, the Borrower obtains a fee simple interest in the Series 2010 Facilities and the Borrower's obligations under the Agreement remain outstanding, or (ii) the Series 2015 Facilities, in the event the Borrower's obligations under the Agreement remain outstanding, the Borrower may, at its own expense, but only if no Event of Default hereunder has occurred and is continuing, diligently prosecute and in good faith contest any such taxes, assessments and 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 if, in the Opinion of Counsel, the Facilities shall not be subject to loss or forfeiture. In the event that the Borrower is not able to obtain such Opinion of Counsel, such taxes, assessments or charges shall be paid promptly or secured by posting a bond equal to one and one half times the amount at issue with the Trustee in form satisfactory to the Trustee. The Issuer at the expense of the Borrower shall cooperate fully with the Borrower in any such contest. In the event that the Borrower shall fail to pay any of the foregoing items required by this Section to be paid by the Borrower, the Issuer or the Trustee may (but shall be under no obligation to) pay the same and any amounts so advanced therefor by the Issuer or the Trustee shall become an additional obligation of the Borrower payable to the one making the advance, which amount the Borrower agrees to pay on demand together with interest thereon at a rate which shall be 3% per annum above the highest rate of interest borne by the Bonds or the maximum rate permitted by law if less than such rate.

The Borrower will do, or cause to be done, all things required by the appropriate government authority to obtain and maintain exemption from payment of real property taxes.

Section 5.3 Section 6.3(b) of the Original Loan Agreement is amended and restated as follows:

Insurance Required; Insurance Company Ratings; Insurance Certificate to be Delivered to Trustee.

(b) With respect to (i) the Series 2010 Facilities, in the event the Lease Agreement is terminated, the Borrower obtains a fee simple interest in the Series 2010 Facilities and the Borrower's obligations under the Agreement remain outstanding, or (ii) the Series 2015 Facilities, during any such time that the Borrower's obligations under the Agreement remain outstanding, the Borrower shall keep, or cause to be kept, the applicable Facilities insured against the following risks, paying as the same become due and payable all premiums with respect thereto:

Section 5.4 Section 6.4 of the Original Loan Agreement is amended and restated as follows:

Application of Net Proceeds of Insurance. With respect to (i) the Series 2010 Bonds, in the event the Lease Agreement is terminated, and the Borrower's obligations under the Agreement remain outstanding, or (ii) the Series 2015 Bonds, during any such time that the Borrower's obligations under the Agreement remain outstanding, Net Proceeds of the insurance carried pursuant to Section 6.3(b)(i) hereof shall be applied as provided in Section 7.1(b) hereof. The Net Proceeds of the insurance carried pursuant to Section 6.3(b)(ii) hereof shall be applied as provided in Section 7.1(b) hereof. The Net Proceeds of insurance carried pursuant to subsections (iii) and (iv) of Section 6.3(b) hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds have been paid.

Section 5.5 Section 6.5 of the Original Loan Agreement is amended and restated as follows:

Advances by Issuer or Trustee. With respect to (i) the Series 2010 Bonds, in the event the Lease Agreement is terminated and the Borrower's obligations hereunder remain outstanding, or (ii) the Series 2015 Bonds, during any such time that the Borrower's obligations under Agreement remain outstanding, the Borrower shall fail to maintain the full insurance coverage required by this Agreement or shall fail to keep the Facilities in the condition required hereby (except as otherwise herein permitted), the Issuer or the Trustee may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same, or make the required repairs, renewals and replacements; and all amounts advanced therefor by the Issuer or the Trustee shall become an additional obligation of the Borrower under this Agreement to the one making the advance, which amounts the Borrower agrees to pay on demand together with interest thereon at a rate which shall be 3% per annum above the highest interest rate borne by any of the Bonds or the maximum rate permitted by law if less than such rate.

ARTICLE VI

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 6.1 The first paragraph of Section 7.1(b) of the Original Loan Agreement is amended and restated as follows:

(b) With respect to (i) the Series 2010 Facilities, in the event the Lease Agreement is terminated and the Borrower's obligations under the Agreement remain outstanding, or (ii) the Series 2015 Facilities, at any such time as the Borrower's obligations under the Agreement remain outstanding, and there is a casualty or condemnation with respect to the Series 2010 Facilities or the Series 2015 Facilities, as applicable, and so long as no Event of Default exists and is continuing, the proceeds from any insurance policy or the proceeds of any condemnation award resulting from such casualty or condemnation, shall be used to repair or replace the portion of the applicable Facilities damaged, destroyed or taken or to prepay the Original Loan in accordance with the terms hereof in accordance with the following provisions:

Section 6.2 Section 7.2 of the Original Loan Agreement is amended and restated as follows:

Mandatory Prepayment from Insurance or Condemnation Proceeds. With respect to (i) the Series 2010 Bonds, in the event the Lease Agreement is terminated and the Borrower's obligations hereunder remain outstanding and (ii) the Series 2015 Bonds in the event the Borrower's obligations under Agreement remain outstanding, the Promissory Notes are subject to mandatory prepayment as a whole or in part at the principal amount thereof plus accrued interest thereon to the date of prepayment, but without premium, from the Net Proceeds of any insurance policy or condemnation award remaining after the repair, replacement, or improvement of the Facilities, if one or more of the events set forth in Section 5.2 of the Indenture are applicable to the Borrower and Bonds are required to be redeemed pursuant to Section 5.2 of the Indenture. The prepayment date shall be the earliest practicable date selected by the Trustee and any such prepayment shall be applied as provided in Section 5.2 of the Indenture.

ARTICLE VII

SPECIAL COVENANTS

Section 7.1 The first paragraph of Section 8.5(c) of the Original Loan Agreement is amended and restated as follows:

(c) Enrollment Reports. Within two weeks of submission to the State, but in no event later than November 1 of each year, the Borrower shall provide the Issuer, the Dissemination Agent and the Trustee with a copy (which may be by electronic transfer) of each of the following reports:

- (i) Three years' current enrollment history, broken down by grade and totaled;
- (ii) An updated waiting list for enrollment by grade, with each student on such waiting list updated and confirmed electronically or in writing, in the form required under the Credit Enhancement Program;
- (iii) Three years' current re-enrollment data by grade level;
- (iv) Headcount, membership and attendance records; and
- (v) Any other similar reports as reasonably requested.

Section 7.2 Section 8.6(a) of the Original Loan Agreement is amended and restated as follows:

(a) The Borrower agrees to pay, defend, protect, indemnify, and hold each of the Issuer Indemnified Parties, the State and the Trustee, its officers, directors, employees and agents (the "Trustee Indemnified Parties") harmless for, from and against (i) any and all Liabilities directly or indirectly arising from or relating to the Loan, this Agreement, the Project, the Mortgage, and the Tax Certificate, and (ii) any and all Liabilities directly or indirectly arising from or relating to the Bonds, the Indenture, the Credit Enhancement Program or any document related to the issuance and sale of the Bonds, including, but not limited to, the following:

- (i) Any injury to or death of any person or damage to property in or upon the Project or growing out of or connected with the use, non-use, condition, or occupancy of the Project or any part thereof;
- (ii) Violation of any agreement, covenant, or condition of any of the Borrower Documents;
- (iii) Violation of any agreement, contract, or restriction relating to the Project;
- (iv) Violation of any law, ordinance, or regulation affecting the Project or any part thereof or the ownership, occupancy, or use thereof;
- (v) The issuance and sale of the Bonds or any of them; and
- (vi) Any statement, information, or certificate furnished by the Borrower to the Issuer or the Trustee which is misleading, untrue, incomplete, or incorrect in any respect; and
- (vii) Any appropriation or payment made by the State or Issuer under the Credit Enhancement Program.

Section 7.3 Section 8.6(c) of the Original Loan Agreement is amended and restated as follows:

(c) Paragraphs (a) and (b) above are intended to provide indemnification to each Issuer Indemnified Party, the State and Trustee Indemnified Party for his or her active or passive negligence or misconduct; provided, however, nothing in paragraphs (a) and (b) above shall be deemed to provide indemnification to any Issuer Indemnified, the State or any Trustee Indemnified Party with respect to any Liabilities arising from the successful allegation of fraud, gross negligence, or willful misconduct of such party.

Section 7.4 Section 8.13 of the Original Loan Agreement is amended and restated by adding subsection (d) as follows:

(d) Satisfaction of Issuer's Coverage Requirement. Upon satisfaction of the Issuer's requirement that an Independent Management Consultant selected by the Borrower provides a written report setting forth projections which indicate that the estimated Net Income Available for Debt Service for Issuer's Requirements for each of the three consecutive Fiscal Years beginning in the earlier of the first full Fiscal Year following the estimated date of completion and initial use of all revenue-producing facilities to be financed with such Indebtedness, based upon a certified written estimated completion date by the consulting engineer for such facility or facilities, is equal to at least 1.05 times Maximum Annual Debt Service on all Indebtedness then outstanding during each such respective Fiscal Year plus the additional Annual Debt Service Requirements for the Long-Term Indebtedness to be issued. The Issuer may, in its sole discretion, waive the requirement contained in this subsection (d).

Section 7.5 Article VIII of the Original Loan Agreement is amended and restated by adding Section 8.19 as follows:

Coverage Ratio Covenant. The Borrower shall maintain Net Income Available for Debt Service for Issuer's Requirements in an amount equal to at least 1.05 times Maximum Annual Debt Service on all Indebtedness then outstanding. The covenant made in this Section 8.19 shall be tested annually based upon the results included in the annual audited financial statements of the Borrower distributed pursuant to Section 8.4.

In the event the Borrower's Net Income Available for Debt Service for Issuer's Requirements is less than 1.05 but greater than or equal to 1.0 times the Maximum Annual Debt Service on all Indebtedness then outstanding on any testing date as set forth above, the Borrower shall give notice of such event to the Issuer and the Issuer shall have the right, to direct the Trustee to require the Borrower to engage, at the Borrower's expense, a Management Consultant, which shall deliver a written report within 75 days of engagement to the Trustee, the Issuer, the Beneficial Owners, and the Borrower containing the recommendations set forth in Section 8.18 hereof.

Upon submission of the Management Consultant's report, the Borrower is required to arrange for payment of the amount owed to the Management Consultant and issue a written certificate to the Trustee and the Issuer indicating its acceptance or rejection of all or any material portion of the recommendations of the consultant within 30 days of receiving the report of the Management Consultant. The Issuer shall have the right to require the Borrower to comply with any reasonable recommendation of the Management Consultant. The Borrower shall work with the Issuer to follow the recommendations.

If, however, the Borrower's Net Income Available for Debt Service for Issuer's Requirements is less than 1.0 times the Maximum Annual Debt Service on all Indebtedness then outstanding on any testing date, the Borrower shall give notice of such event to the Issuer and shall have 12 months to cure such noncompliance. In the event such noncompliance is not cured within such 12 month period, an Event of Default shall be deemed to have occurred hereunder.

Notwithstanding anything to the contrary contained in this Agreement, the Issuer may, in its sole discretion, waive the requirements contained in this Section 8.19.

ARTICLE VIII

ASSIGNMENT AND PLEDGING; REDEMPTION OF BONDS

Section 8.1 Section 9.1 of the Original Loan Agreement is amended and restated as follows:

Creation of Security Interest Hereunder and Future Pledge to Draper Lender.

With respect to the Pledged Revenues and any other collateral pledged hereunder governed by the UCC, this Agreement shall constitute a security agreement between the Borrower as debtor and the Trustee as assignee of the Issuer's right and interests in and under this Agreement and the Borrower hereby grants to the Trustee a security interest in the Pledged Revenues.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Execution Counterparts. This Second Amendment to Loan Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same First Amendment to Financing Agreement.

Section 9.2 Effective Date. This Second Amendment to Loan Agreement shall take effect immediately upon its execution and delivery by the Issuer, Trustee and Borrower.

Section 9.3 Severability. In the event any provision of this Second Amendment to Loan Agreement shall be held invalid or unenforceable by any court of

competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 9.4 Filing. The Borrower shall cause the security interests granted by the Series 2015 Deed of Trust to be recorded with the Recorder of the County of Salt Lake. In addition, the Borrower shall cause the security interest in the Funds and trust accounts referred to in Section 5.2 of the Original Loan Agreement granted to the Issuer, the assignment of such security interest to the Trustee and the security interest in the Series 2015 Mortgage granted to the Trustee to be perfected by the filing of financing statements which shall fully comply with the Utah Uniform Commercial Code in the office of the Secretary of the State of Utah or the office of the Clerk and Recorder of the County of Salt Lake, and in such other office as is at the time provided by law as the proper place for the filing thereof. The parties further agree that all necessary continuation statements shall be filed by the Borrower with the cooperation of the Trustee within the time prescribed by the Utah Uniform Commercial Code in order to continue such security interests.

Section 9.5 Confirmation of Financing Agreement. As supplemented and amended by this Second Amendment to Loan Agreement, the Original Loan Agreement is in all respects ratified and confirmed, and the Original Loan Agreement and this Second Amendment to Loan Agreement shall be read, taken and construed as one and the same instrument so that all of the rights, remedies, terms, conditions, covenants and agreements of the Original Loan Agreement shall apply and remain in full force and effect.

Section 9.6 Article XII of the Original Loan Agreement is amended and restated by adding Section 12.22 as follows:

Provisions Relating to the Credit Enhancement Program. Notwithstanding any other provision of the Indenture or Loan Agreement to the contrary, so long as the Series 2015 Bonds or any Additional Bonds issued pursuant to the Credit Enhancement Program remain outstanding and there has not been and is continuing a Non-Appropriation the following provisions shall apply:

(a) The maturity of the Bonds shall not be accelerated or the Bonds redeemed pursuant to Section 5.3A of the Indenture without the prior written consent of the Issuer.

(b) If there has been an appropriation under the Credit Enhancement Program for the benefit of the Borrower that has not been reimbursed by the Borrower, the Issuer shall be deemed to be the sole Owner of the Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the Bonds are entitled to take pursuant to the Indenture, the Loan Agreement, the Mortgage and any other document related thereto; provided, however, that the Issuer shall not without the consent of all the Owners of the Series 2010 Bonds at the time Outstanding and all the Owners of any Additional Bonds not issued under the Credit Enhancement

Program at the time Outstanding (i) extend the maturity of, reduce the principal amount of, reduce the rate of, extend the time of payment of interest on, or reduce the premium payable upon any redemption of, the Series 2010 Bonds or any Additional Bonds not issued under the Credit Enhancement Program; (ii) deprive the Registered Owner of any Series 2010 Bond then Outstanding or the Registered Owner of any Additional Bond not issued under the Credit Enhancement Program then Outstanding of the lien or the priority of the lien created by this Indenture (other than as permitted by the Indenture when such Series 2010 Bond or Additional Bond was initially issued); (iii) allow a privilege or priority of any Bond or Bonds over any Series 2010 Bond or Bonds or any Additional Bond or Bonds not issued under the Credit Enhancement Program; (iv) reduce the aggregate principal amount of the Bonds, if any, required for consent to a supplemental indenture or amendment to the Agreement as set forth in the Indenture; or (v) take any action that would, in the opinion of Bond Counsel, adversely affect the status of the Series 2010 Bonds as Qualified School Construction Bonds.

(c) To the extent not otherwise required, the Borrower shall pay or reimburse the Issuer any and all charges, fees, costs and expenses which the Issuer may reasonably pay or incur in connection with (i) the administration, enforcement, defense, or preservation of any rights or security in the Indenture or Loan Agreement, (ii) the pursuit of any remedies under the Indenture or any other related document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture, the Loan Agreement or any other related document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture, the Loan Agreement or the transactions contemplated thereby.

(d) The Indenture shall not be discharged and the Loan Agreement shall not be terminated until all obligations of the Borrower owing to the Issuer or the State under the Credit Enhancement Program or otherwise shall have been paid in full. The Borrower's obligation to pay such amounts shall expressly survive payment in full of the Bonds.

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Second Amendment to Loan Agreement to be executed in their respective corporate names by their duly authorized officers, all as of the date first above written.

UTAH CHARTER SCHOOL FINANCE
AUTHORITY, as Issuer

By: _____
Chair

ATTEST:

By: _____
Secretary

UTAH CHARTER ACADEMIES, dba
AMERICAN PREPARATORY
ACADEMY OF DRAPER, dba
AMERICAN PREPARATORY
ACADEMY – DRAPER 2, dba
AMERICAN PREPARATORY
ACADEMY AND THE SCHOOL FOR
NEW AMERICANS and dba AMERICAN
PREPARATORY ACADEMY
ACCELERATED SCHOOL, as Borrower

By: _____
Name: _____
Its: _____

TERMS ACKNOWLEDGED AND ACCEPTED:

ZIONS FIRST NATIONAL BANK, as Trustee

By: _____
Name: _____
Title: _____

(Signature Page to Second Amendment to Loan Agreement – Utah Charter Academies)

The Owner of all the Series 2010 Bonds Outstanding hereby consents to this Second Amendment to Loan Agreement and hereby waives any notice required pursuant to Section 10.07 of the Indenture as of the date of execution hereof.

GOLDMAN SACHS BANK USA

By: _____
Authorized Signatory

EXHIBIT A

LEGAL DESCRIPTION

The following described real property is located in Salt Lake County, Utah:

EXHIBIT B

FORM OF PROJECT FUND REQUISITION CERTIFICATE

Request No. _____

Date: _____

TO: ZIONS FIRST NATIONAL BANK, AS TRUSTEE (THE "TRUSTEE"), UNDER THE TRUST INDENTURE DATED AS OF DECEMBER 1, 2010, AS AMENDED BY THE FIRST SUPPLEMENTAL INDENTURE DATED AS OF JUNE 1, 2012 AND THE SECOND SUPPLEMENTAL INDENTURE DATED AS OF APRIL 1, 2015, EACH BETWEEN UTAH CHARTER SCHOOL FINANCE AUTHORITY (THE "ISSUER") AND THE TRUSTEE, AND THE LOAN AGREEMENT DATED AS OF DECEMBER 1, 2010 AS AMENDED BY THE FIRST AMENDMENT TO LOAN AGREEMENT DATED AS OF JUNE 1, 2012 AND AS AMENDED BY THE SECOND AMENDMENT TO LOAN AGREEMENT DATED AS APRIL 1, 2015 (COLLECTIVELY, THE "AGREEMENT"), EACH BETWEEN THE ISSUER AND THE BORROWER

The undersigned Authorized Representative of the Borrower hereby requests that the following amounts be paid to the following payees for the following Costs of the Project (as defined in said Agreement) (the "Costs"):

<u>Payee and Address</u>	<u>Amount</u>	<u>Description</u>
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The undersigned Authorized Representative of the Borrower hereby states and certifies that:

(a) obligations in the stated amounts have been incurred and performed at the Project and are currently due and payable and that each item thereof is a proper charge against the Project Fund and has not been the subject of a previous withdrawal from such fund;

(b) to the best of the undersigned's knowledge, there has not been filed with or served upon the Issuer or the Borrower notice of any lien, right or attachment upon, or claim affecting the right of any such persons, firms or corporations to receive payment of, the respective amounts stated in such requisition which has not been released and will not be released simultaneously with the payment of such obligation;

(c) (i) obligations as stated on the requisition have been incurred, (ii) such work was actually performed or such materials or supplies were actually furnished or installed in or about the Project, (iii) if contested, bond has been

made by the Borrower and (iv) either such materials or supplies are not subject to any lien or security interest or any such lien or security interest will be released or discharged upon payment of the requisition;

(d) all rights, title and interest to any and all personal property acquired with the proceeds of the requisition are vested in the Borrower;

(e) the amount remaining in the Project Fund is sufficient to pay all unpaid costs of designing, constructing, and equipping the project or, if not, Borrower shall cover such shortfall as required by the Loan Agreement and Indenture;

(f) after taking into account the proposed disbursement, at least 95% of the aggregate of all disbursements of the proceeds of Tax-Exempt Bonds plus earnings thereon will have been applied to pay or reimburse the Borrower for the payment of capital costs of the Facilities; and

(g) no Event of Default currently exists under the Agreement, and no facts currently exist that, with the passage of time or giving of notice or both, would constitute an Event of Default under the Agreement.

UTAH CHARTER ACADEMIES, dba
AMERICAN PREPARATORY
ACADEMY OF DRAPER, dba
AMERICAN PREPARATORY
ACADEMY – DRAPER 2, dba
AMERICAN PREPARATORY
ACADEMY AND THE SCHOOL FOR
NEW AMERICANS and dba AMERICAN
PREPARATORY ACADEMY
ACCELERATED SCHOOL, as Borrower

By: _____
Name: _____
Its: _____

EXHIBIT C

MONTHLY PAYMENT SCHEDULE