

Edly, Inc. Senior Secured Notes 2021-1
PPM Supplement



Edly Notes

Edly Inc. Senior Secured Notes 2021-1

Corporate debt issued by Edly Inc. rated BBB by Egan Jones Ratings

Preliminary Private Placement Memorandum Supplement (“PPM Supplement”) contained herein is subject to completion. The information in this Preliminary Supplement is not complete and may be changed. This Preliminary Private Placement Memorandum is not an offer to sell these or any securities and we are not offering to buy these securities in any state where such offer or sale is not permitted.

Program Background

Edly, Inc. Senior Secured Notes 2021-1 is an offering of fractional participation interests in a secured note (the “Note”) issued by Edly, Inc., the manager of Edly Funding Series LLC (“EFS”). The secured note will be transferred to EFS in return for the proceeds of all investments made by each investor owning a series formed by EFS that acquires a fractional interest in the Note. The Note is secured by all right, title and interest of Edly, Inc. under that certain Loan Agreement entered into by Edly, Inc. as lender and Edly WH Investors 2019-1 LLC (the “Borrower” or “Edly WH Investors”) dated June [___], 2021. The Loan Agreement evidences advances made by Edly, Inc. to the Borrower in the aggregate amount of \$[_____] that are secured by a specific pool of collateral by Edly WH Investors. The collateral consists of direct and indirect interests in income share agreements that are described in this PPM Supplement.

I. Offering Type: Participation

Participation interest in the Note that is secured by direct and indirect interests in income share agreements. Investors receive ongoing distributions of principal and interest payments on the Note (that are made from collected ISA cashflows net of fees and expenses) based on pro rata ownership of the Note.

II. Distributions and Reporting

Distributions: Monthly on the 20th of each month.

Reporting: Monthly cashflow and quarterly performance reporting from Edly; A 1099-INT will be issued to investors at year end.

III. Structure Summary

This offering is of participation interests in a structured debt instrument. As described herein, Edly, Inc. Senior Secured Notes 2021-1 is an offering of fractional participation interests in a secured note (the “Note”) issued by Edly, Inc., the manager of Edly Funding Series LLC (“EFS”). The secured note will be transferred to EFS in return for the proceeds of all investments made by each investor owning a series formed by EFS that acquires a fractional interest in the Note. The Note is secured by all right, title and interest of Edly, Inc. under that certain Loan Agreement entered into by Edly, Inc. as lender and Edly WH Investors, (the “Borrower”) dated June ___, 2021. The Loan Agreement evidences advances made by Edly, Inc. to the Borrower in the aggregate

amount of \$_____ that are secured by a specific pool of collateral by Edly WH Investors. The collateral consists of direct and indirect interests in income share agreements that are described on Schedule ___ attached to this PPM Supplement.

The servicers listed in the PPM and as described in more detail on disclosure links here

<https://vemoeducation.com/>

<https://leif.org/>

<https://www.meratas.com/>

collect payments from the students each month and distributes them to Edly, Inc. as Manager of EFS which will be applied to pay interest and principal on the Note and any fees required to be paid under the Loan Agreement. Edly, Inc. distributes available cash to investors based on pro rata ownership of the Notes.

IV. Additional Information

In order to understand better the terms of this investment and the risks related thereto, Edly has prepared an annex to this PPM Supplement containing additional information regarding the structure and terms of the Loan Agreement and the Note. **Please carefully review the Annex captioned “ANNEX TO PRIVATE PLACEMENT MEMORANDUM SUPPLEMENT ADDITIONAL INFORMATION RELATED TO Edly, Inc. Senior Secured Notes 2021-1” ATTACHED HERETO.**

V. Disclaimer

From time to time, Edly will make opportunities for investments in ISAs available to investors who are qualified as “Accredited Investors” (as defined below) and who have expressed an interest in learning about such investment opportunities. A Confidential Private Placement Memorandum (a “PPM”) will be furnished to approved investors on a confidential basis. Sales of the securities may not be consummated unless prospective investors are provided with a PPM. In particular, you should carefully read the “Risk Factors” set forth in the PPM, which include, but are not limited to dependence on the school originator, the ISA Obligor, servicer, Manager, student obligor payment performance, economic factors, illiquidity, regulatory, etc. The information contained in the PPM may not be provided to persons who are not directly concerned with an investor’s decision regarding the investment offered hereby. Investors should make their own investigations and evaluations of any securities offered. The securities, when offered, will not be registered under the Securities Act of 1933, as amended (the “Securities Act”), or any other securities laws. They will be offered for investment pursuant to the exemption from registration provided under Section 4(a)(2) of the Securities Act and exemptions from the registration requirements of applicable state securities laws only to persons who are “Accredited Investors,” as defined in Regulation D under the Securities Act. There is currently no public market for the offered securities and it is unknown whether there will be a public market for the offered securities in the future.

ANY SECURITIES OFFERED BY EDLY WILL NOT HAVE BEEN RECOMMENDED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY.

ANY SECURITIES OFFERED BY EDLY WILL BE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE, AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THEIR INVESTMENT IN THE SECURITIES FOR AN INDEFINITE TIME.

CERTAIN INFORMATION CONTAINED IN THIS WEBSITE AND IN THE PPM TO BE DELIVERED IN THE FUTURE CONSTITUTES AND WILL CONSTITUTE “FORWARD-LOOKING STATEMENTS,” WHICH CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS “MAY,” “WILL,” “SHOULD,” “EXPECT,” “ANTICIPATE,” “ESTIMATE,” “INTEND,” “CONTINUE” OR “BELIEVE” TO THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. DUE TO VARIOUS RISKS AND UNCERTAINTIES, ACTUAL EVENTS OR RESULTS FROM THE ACTUAL PERFORMANCE OF THE SECURITIES MAY DIFFER MATERIALLY FROM THOSE REFLECTED OR CONTEMPLATED IN SUCH FORWARD-LOOKING STATEMENTS.

Preliminary Private Placement Memorandum Supplement (“PPM Supplement”) Subject to completion. The information in this Preliminary Supplement is not complete and may be changed. This Preliminary Private Placement Memorandum is not an offer to sell these securities and we are not offering to buy these securities in any state where such offer or sale is not permitted.

ANNEX TO PRIVATE PLACEMENT MEMORANDUM SUPPLEMENT
ADDITIONAL INFORMATION
May 12, 2021

[\$6,500,000]
EDLY INC.
[____]%
Senior Secured Notes 2021-1
Dependent Upon and Secured by
Senior Secured Term Loan
Issue Price: 100%

Edly Inc. (“Edly”) is issuing a Senior Secured Note 2021-1 (the “Note”). The Note is a limited obligation of Edly and is secured by, and dependent upon, its right and interests in the proceeds received by Edly, from payments made by the borrower under a term loan facility which is secured by such borrower’s series interests in a series limited liability company that owns certain participation interests, and the borrower’s trust interests in a trust, that each own portions of a pool of ISA assets (the “Loan”).

The Note will have a stated interest rate of [____ %]. Distributions on the Note will be paid monthly on the twentieth (20th) of each month (the “Note Payment Date”). The Note matures on June [20_], 2024 (the “Note Maturity Date”). The first coupon payment will be a short first coupon, including interest accrued from the Settlement Date (as defined below) through June [__], 2021, and is payable on June [20__], 2021. See the section titled “Description of the Note”. The Note is subject to immediate prepayment by Edly in the event that the Loan is prepaid, after the Permitted Redemption Date (as defined below). Proceeds of the sale of Note will be used to fund the Loan.

Edly Funding Series LLC (“EFS”) is acquiring the Note from Edly and is offering fractional participation interests in the Note (the “Offering”) directly to accredited investors who own a series formed by EFS.

Interest on the Note settling on the Settlement Date will accrue from June [__], 2021. The Settlement Date is expected to be on or about June [__], 2021.

Certain terms used herein are defined as follows:

“Edly ISA Trust” means the Edly ISA Trust 2020-1 created pursuant to the Trust Documents.

“EFS” means edly Funding Series LLC.

“EFS Series 0002 Documents” means the Subscription Agreement and the Organizational Documents of EFS Series 0002.

“ISA” means an income share agreement contract between a Provider and an ISA Obligor, pursuant to which the Provider extends education financing to the ISA Obligor in exchange for a share of the ISA Obligor’s future earned income.

“ISA Assets” means the pool of ISAs identified in the section titled “Description of the ISA Assets”, as such pool of ISAs may be modified from time to time in accordance with Edly’s investment guidelines and policies.

“ISA Obligor” means, with respect to an ISA, the student (or former student) legally obligated to make payments (including, but not limited to, all regular monthly cash flows) as the payor under the terms and conditions of an ISA.

“ISA Participation Documents” means the Master Participation Agreement and the related Master Participation Supplements, and the corresponding Participation Certificates.

“ISA Participation Interests” means the undivided beneficial participation interests in ISA Assets, which are owned by Series 0002, and are equal to the interest in the aggregate maximum payment amounts due in relation to the ISAs included in the ISA Assets, pursuant to the terms of the ISA Participation Documents.

“Loan Collateral” means the Series 0002 Interests, the Trust Interests and the ISA Participation Interests and any other collateral pledged by the Loan Borrower to Edly, as lender, pursuant to the Term Loan Agreement and the Security Documents.

“Master Participation Agreement” means the master participation agreement dated as of August 20, 2019, as amended, amended and restated, supplemented or otherwise modified from time to time, by and between EFS for the benefit of each participant designated by EFS from time to time as assignee, as updated from time to time.

“Master Participation Supplement” means any Master Participation Supplement creating a participation interest in the related ISA Assets, and issued in connection with the Master Participation Agreement.

“Participation Certificate” means any Participation Certificates issued in connection with a Master Participation Agreement Supplement created under the terms of the Master Participation Agreement.

“Permitted Redemption Date” means the date which is one calendar year after the Settlement Date.

“Provider” means a college, university, online-only educational institution, boot camp or career-training program, which enters into an ISA pursuant to which the Provider extends education financing to the ISA Obligor in exchange for a share of the ISA Obligor’s future earned income.

“Series 0002” means Series 0002 of edly Funding Series LLC.

“Series 0002 Interests” mean the Loan Borrower’s undivided beneficial ownership interests in Series 0002 of edly Funding Series, LLC, pursuant to the terms of the EFS Series 0002 Documents.

“Settlement Date” means June [___], 2021.

“Subscription Agreement” means the Series Subscription Agreement dated as of August 22, 2019 between EFS and Series 0002, and each other document and agreement entered into by the parties in connection thereto.

“Trust Documents” means the Trust Agreement of Edly ISA Trust 2020-1 dated as of February 19, 2020 among EFS as depositor, Edly as administrator, U.S. Bank Trust National Association as owner trustee, U.S. Bank National Association as paying agent and certificate registrar and all trust certificates, agreements and other documents executed from time to time by the parties thereto in connection therewith.

“Trust Interests” means the 61.60% undivided beneficial interests in the Edly ISA Trust 2020-1, owned by the Loan Borrower, and all payments and distributions issued thereunder in connection with the trust estate, which consists primarily of certain ISAs that are part of the ISA Assets, pursuant to the terms of the Trust Documents.

OFFERING SUMMARY

The following is a brief summary of certain terms of the Offering. For a more complete description of the terms of the Note, see the section titled, "Description of the Note".

Note Issuer	Edly Inc.
Loan Borrower	[edly WH Investors 2019-1 LLC]
Designation of Note	EDLY INC. SENIOR SECURED NOTE 2021-1
Loan Amount	The Loan Amount is [\$6,500,000].
Note Amount	The Note Amount is [\$6,500,000].
Use of Proceeds	The proceeds from the sale by EFS of participation interests in the Note will be used to fund the Loan.
CUSIP	[__]
First Coupon Date	June [__], 2021. The first coupon payment will be a short first coupon and includes interest accrued from the Settlement Date through June [__], 2021.
Settlement Date	The Settlement Date is expected to be on or about June [__], 2021.
Note Maturity Date	June [__], 2024. All outstanding principal and accrued, but unpaid, interest are payable at maturity.
Interest and Repayment of Principal	<p>Accrued and unpaid interest and outstanding principal are payable on each Note Payment Date. On each Note Payment Date prior to the occurrence of an Indenture Event of Default (as defined below), the principal payment amount for the Note will be reduced by all available Loan collections, minus any fees, as of such Note Payment Date. All remaining available Loan collections not payable as interest or principal payments on the Note shall be retained by Edly to pay for any additional fees and expenses, if any, due under the terms of the Loan and the Indenture. In the event of an Indenture Event of Default, on each Note Payment Date, until the Note has been accelerated as set forth under the Indenture, on and after an Indenture Event of Default, all available collections as of such Note Payment Date will be available to pay principal payments on the Note until the note balance of the Note has been reduced to zero. See the section titled, "Priority of Payments Under the Note". The remaining principal is payable at the Note Maturity Date or an earlier redemption date of the Note. Interest on the Note is payable monthly on the Note Payment Date or the next Business Day, and will be calculated on a Actual/365-day basis, and may be advanced by Edly in its sole discretion. Such payment will depend upon, and be subject to, receipt of Loan proceeds on each Loan Payment Date, which occurs five days prior to each Note Payment Date.</p> <p>"Business Day" means any day, other than a Saturday or a Sunday, that is neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to close in the City of New York.</p>
Interest on the Note	[__]%
Prepayment and Redemption	After the Permitted Redemption Date, any prepayment in whole or in part of the Loan by the Loan Borrower and all proceeds from such redemption of the Loan shall be distributed by the Trustee, in accordance with the terms of the Indenture, on or prior to, the fifth day after such prepayment is made.
Note Collateral	The Note will be separate and distinct from any other notes issued from time to time by Edly. The Note will be secured by a security interest in the collateral granted to the Collateral Agent for the benefit of the Collateral Agent, the Trustee and EFS as the Noteholder pursuant to the terms of the Indenture. The collateral securing the Note will

be all of Edly's interest, title and rights under the Term Loan Agreement (as defined below), including the payment of interest and principal made by the Loan Borrower to Edly under the Loan and all proceeds that Edly may otherwise receive in connection with the Loan from the Loan Borrower, an ISA Obligor or any third party.

Loan Collateral

Prior to the Settlement Date and pursuant to the ISA Participation Documents, Series 0002 purchased the ISA Participation Interests, pursuant to the Trust Documents, the Loan Borrower purchased the Trust Interests and pursuant to the EFS Series 0002 Documents, the Loan Borrower purchased the Series 0002 Interests. The ISA Participation Interests, the Series Interests and the Trust Interests (including any other collateral pledged under the Loan) make up the collateral under the Term Loan Agreement and Security Documents (as defined below).

The ISAs

Each ISA funds an ISA Obligor's tuition, and is repaid by the ISA Obligor once the ISA Obligor secures employment. Edly has developed relationships with a variety of educational institutions that offer ISAs to their students as an alternative to private student loans. Edly has selected institutions that provide focused training tailored to provide successful graduates with specific opportunities for certain well-paying jobs.

Rating

Egan-Jones Ratings Company ("EJR") gave the Note a rating of "BBB". EJR is a Nationally Recognized Statistical Rating Organization ("NRSRO").

Redemption of the Note

After the Permitted Redemption Date, any prepayment in whole or in part of the Loan by the Loan Borrower will be paid to EFS as the Noteholder, in accordance with the terms of the Indenture, on the applicable Note Payment Date.

ADDITIONAL RISK FACTORS

An investment in participation interests in the Note involves risks. Before making an investment decision, you should carefully consider the risks and uncertainties and all of the other information set forth in the Edly Funding Series Private Placement Memorandum, the Supplement thereto to which this Annex is attached, and herein. The Loan as well as the Loan Collateral upon which your payment depends, as well as our business, financial condition, operating results and cash flows can be impacted by a variety of factors, any one of which could have a material adverse effect on the value of the Note and could cause you to lose all or part of your initial purchase price or adversely affect future principal and interest payments you expect to receive.

Risks Related to the Note

You May Lose Some or All of Your Investment in the Note

The payment of the Note depends entirely on payments to Edly from the Loan Borrower relating directly to the collection on the collateral under the Loan. The collateral under the Loan is a security interest in the Series 0002 Interests, the Trust Interests, ISA Participation Interests and any other collateral, owned by the Loan Borrower and pledged for the benefit of Edly Inc., as secured lender (the “Lender”), pursuant to the terms of the Term Loan Agreement (as defined below) and the Security Documents (as defined below). The Note is a special, limited obligation of Edly payable only from proceeds that Edly receives under the terms of the Loan, net any applicable fees and any costs of collection. If the Loan Borrower defaults on the Loan, investors will be dependent on proceeds from the collateral pledged and any other proceeds, if any, under the Loan. Participation interests in the Note are suitable purchases only for investors of adequate financial means who, in the event of a default by the Loan Borrower under the Loan, may have to wait for the disposition of the underlying ISA Assets that make up the Loan Collateral to recover some or all of their investment.

“Security Documents” means, the pledge and security agreement, dated and effective as of June [___], 2021, by and between the Loan Borrower and Lender, and any additional security agreements, pledge agreements or documents, or account control agreements as may be required from time to time, whereby a party pledges its interest in the Loan Collateral as collateral for the obligations set forth under the Term Loan Agreement.

“Term Loan Agreement” means, that certain term loan agreement, dated as of June [___], 2021, by and between the Loan Borrower and the Lender.

Investors Will Have No Control Over Edly’s Management and Will Not Be Able to Influence Edly’s Management of the ISA Assets

Investors will not be able to replace or terminate Edly in its capacity as manager of the ISA Assets. Investors are completely dependent upon Edly’s management of the Loan, the borrower of which is an affiliate of Edly and this relationship may create a conflict of interest between the interests of Edly and the interests of investors in the ISA Assets.

Funds Related to Collections Due Under the ISA Assets are Received into Various Accounts, Which Are Commingled with Other Funds

EFS will hold all funds related to collections that it receives from third party servicers and from any Provider’s repurchase obligations in connection with the ISA Assets in a deposit account held at First Republic Bank (the “EFS Bank Account”). Edly, as sole member of EFS, will manage and review all collections deposited into the EFS Bank Account and determine what amounts should be paid to the Loan Borrower, as sole member of Series 0002, into the Loan Borrower Segregated Account (as defined below), in an amount proportionate to the percentage of ISA Participation Interests owned by Series 0002, and which funds are allocable to other third party investors or to pay for any fees and expenses. The Loan Borrower has established a segregated account at First Republic Bank, for the benefit of Edly, as lender under the Term Loan Agreement (the “Loan Borrower Segregated Account”). The Borrower Segregated Account will be subject to an account control agreement for the benefit of Edly, as lender under the Term Loan Agreement

Additionally, U.S. Bank Trust National Association, in its role as owner trustee under the Trust Documents, will hold all collections that it receives from third party servicers in connection with the Lambda I Assets in a deposit account held at U.S. Bank National Association (the “Owner Trustee Account”). U.S. Bank National Association, as paying agent on the Owner Trustee Account, will manage and review all collections deposited into the Owner Trustee Account and determine what amounts should be paid to the Loan Borrower, into the Loan Borrower Segregated Account, in an amount proportionate to the percentage of Trust Interests owned by the Loan Borrower, minus any applicable fees.

Edly, as the manager of the Loan Borrower, or a third party administrator appointed by Edly, will review the funds remitted from the EFS Bank Account and the Owner Trustee Account, as described above, deposited into the Loan Borrower Account. Edly will then use an internal accounting system to determine which funds are to be applied to payments by the Loan Borrower under the Loan to Edly, as lender, into the Trustee Segregated Account (as defined below), and which funds are allocable to Edly for other purposes, such as for the payment of fees and expenses. Edly shall establish an account at U.S. Bank National Association, established for the

benefit of the Collateral Agent, the Trustee and EFS as holder of the Note under the Indenture (the “Trustee Segregated Account”). The Trustee Segregated Account will be subject to an account control agreement for the benefit of the Collateral Agent and Trustee, pursuant to the terms of the Indenture.

Should our systems or the systems of the third party administrator, fail for any reason, at any point of the funds transfer process, we may have difficulty determining which payments are to be applied to the Loan Borrower and which payments should be retained or paid to other third party investors in connection with each account.

Edly Deposits All Interest and Principal Payments Which It Receives on the Loan in a Single Segregated Bank Account, Which Account and the Funds Deposited in Such Account May Be Subject to Claims of General Creditors of Edly in the Event of an Edly Bankruptcy

In the event of an Edly bankruptcy, general creditors of Edly may assert a claim that funds on deposit in the Trustee Segregated Account, are subject to the claims of general creditors. Pursuant to the terms of the Indenture and the related transaction documents, Edly will remit all funds due and owing to EFS as holder of the Note to the Trustee Segregated Account within five days of receipt and identification in the Loan Borrower Segregated Account. Amounts on deposit in the Trustee Segregated Account are disbursed to EFS as holder of the Note monthly pursuant to the terms of the Indenture. Edly performs all accounting for these accounts, and maintains all accounting records at its principal office. Under the Indenture, and an account control agreement, the Collateral Agent has a first lien on the Trustee Segregated Account for the benefit of itself, the Trustee, and EFS as holder of the Note. If the bankruptcy court were to determine that the funds in the Trustee Segregated Account were subject to claims of creditors other than EFS as holder of the Note or the Collateral Agent and the Trustee acting on their behalf, the amount that EFS as holder of the Note would receive from the account could be adversely affected. The bankruptcy court could temporarily stay disbursements to EFS as holder of the Note, taxing authorities and insurers even if the court were ultimately to determine that the funds in the account should be distributed to EFS as holder of the Note, or to the Collateral Agent and the Trustee acting on their behalf, and, also, as appropriate, to taxing authorities, resulting in delays to EFS as holder of the Note in the receipt of payments on their Note and penalties imposed by taxing authorities.

THE EDLY ISA TRUST, THE OWNER TRUSTEE AND THE PAYING AGENT UNDER THE TRUST

On February 19, 2020, Edly ISA Trust 2020-1 (the “Edly ISA Trust”) was established as a Delaware statutory trust, pursuant to the Trust Documents. The Edly ISA Trust was formed in order to acquire ISAs, including the purchase of certain ISA Assets, pursuant to the Assignment of ISA Purchase Agreement, dated as of February 19, 2020 (the “ISA Purchase Assignment Agreement”), between Edly, as depositor, EFS as administrator and the Trust, and as agreed and acknowledged by Lambda, Inc., as seller. The Edly ISA Trust has issued Certificates to each of its beneficiaries, which evidence the beneficial interest in the Edly ISA Trust held by such beneficiary and entitle the related Certificate holder to distributions from payments received on the ISA Assets. The Loan Borrower holds 61.60% of the beneficial ownership interest in the Trust.

Each of U.S. Bank Trust National Association, as owner trustee (the “Owner Trustee”) under the Owner Trustee Account, Edly, as administrator, and EFS as depositor have the power and authority to conduct the business of the Edly ISA Trust, make and execute contracts and other instruments on behalf of the Edly ISA Trust and to sue and be sued on behalf of the Edly ISA Trust. U.S. Bank Trust National Association charges certain fees in relation to its services as owner trustee under the Owner Trustee Account pursuant to a fee letter between Edly, as administrator, and U.S. Bank Trust National Association.

Edly, as administrator, is authorized pursuant to the Trust Documents to maintain appropriate books of account and records relating to services performed under this Agreement, which books of account and records shall be accessible for inspection by the Owner Trustee at any time during normal business hours.

Pursuant to the Trust Documents, the Owner Trustee, Edly, as administrator and EFS as depositor, shall have the power and authority, in the name and on behalf of the Edly ISA Trust, to do or cause to be done all acts and things necessary, appropriate, or convenient to cause the Edly ISA Trust, to engage in the following activities:

- i. to acquire, hold, manage, enforce and sell the trust estate or portions thereof, collecting the income therefrom (including, but not limited to commencing any enforcement proceedings or actions and taking any such further action incidental thereto), whether through Edly, as administrator, or Leif (as defined below) or otherwise;
- ii. to issue certificates in the name of the Edly ISA Trust;
- iii. to own, hold, service, sell, assign, transfer, pledge, finance, borrow against, grant security interests in, encumber or otherwise exercise ownership interests with respect to any portion of the trust estate;

- iv. to engage Leif (as defined below) (or any successor third party servicer) to perform certain services on behalf of the Edly ISA Trust with respect to the ISAs which constitute the trust estate;
- v. to establish accounts and make payments and distributions therefrom;
- vi. in the event of a dissolution of the Edly ISA Trust, to take such actions necessary to wind up the affairs of the Edly ISA Trust in accordance with applicable laws and make final distributions (which may be distributions in kind) in respect of the trust estate;
- vii. to negotiate, authorize, execute, deliver, assume the obligations under, and perform, any agreement, instrument or document relating to the activities set forth in clauses (i) through (iv) above, and to engage in any other acts and activities and to execute any powers permitted to statutory trusts under the Delaware laws that are incidental, advantageous or necessary to the foregoing; and
- viii. to engage in any lawful act or activity and to exercise any powers permitted by law that are ancillary to and necessary, suitable or convenient for the accomplishment of the purposes specified in clauses (i) through (v) above, including owning its properties, conducting business, and paying its operating expenses as they become due.

THE TRUSTEE, PAYING AGENT AND COLLATERAL AGENT UNDER THE INDENTURE

U.S. Bank National Association, a national banking association with trust powers, will act as Indenture trustee (the “Trustee”), as the paying agent (the “Paying Agent”) and as the collateral agent (the “Collateral Agent”) in relation to the Offering. The corporate trust office for this transaction is located at 100 Wall Street, 6th Floor, New York, New York 10005.

EDLY AS MANAGER

Overview

Edly provides managerial services to each series of EFS which has purchased participation interests in certain ISAs, including to the Loan Borrower as the sole member of Series 0002. In its role as manager, Edly establishes valuation processes and procedures to ensure that the valuation techniques for investments are categorized within the fair value hierarchy in a fair, consistent, and verifiable manner. Edly also develops written valuation processes and procedures applicable to pools of ISAs, and conducts periodic reviews of the valuation policies, and evaluating the overall fairness and consistent application of the valuation policies. Edly may from time to time arrange for such services to be performed by a third party administrator on its behalf, at its own expense.

Management Fee under the Loan

Edly will receive a Management Fee pursuant to the Term Loan Agreement in exchange for the management services it performs in connection with servicing the Loan and the ISA Assets that constitute the Loan Collateral. The Management Fee shall include:

Management Fee:	Description
Loan management fee	2% loan management fee on all incoming loan cash flows

Managing the ISA Assets

Edly manages the ISA Assets owned by Edly Funding Series LLC pursuant to the Investment Management Agreement executed by Edly and Series 0002 on August 20, 2019.

Edly manages the ISA Assets owned by Edly ISA Trust pursuant to the Trust Agreement, which appoints Edly, as administrator and gives it the power to service or cause to be serviced each income share agreement owned by Edly ISA Trust.

Edly manages the ISA Assets according to its investment guidelines and policies. Edly’s investment guidelines and policies provide that Edly allocate investments across ISA pools in a diverse mix of schools, industries, and geographies. By focusing on outcome strategies, Edly provides investors with diversified ISA investment portfolios. As an alternative to a single investment directly in an ISA pool, the use of a managed account allows for minimization of risk through diversification.

DESCRIPTION OF THE LOAN COLLATERAL

Series 0002 Interests

The Loan Borrower has acquired 100% ownership of the Series 0002 Interests, pursuant to the EFS Series 0002 Documents. The Series 0002 Interests evidence all of the economic benefits and rights in the ISA Participation Interests.

ISA Participation Interests

The Loan Borrower, as the sole member of Series 0002, will be entitled to receive distributions, from time to time, from (i) cash flow from the ISAs, (ii) reserves held by the EFS established from investment proceeds received from investors and (iii) proceeds from the disposition of the ISAs, proportionate to the percentage of participation interests in the ISAs that Series 0002 has purchased from EFS, as detailed below in the section titled “Description of the ISA Assets”.

Trust Interests

Additionally, the Loan Borrower is the beneficial owner of 61.60% of the Trust. The Loan Borrower is entitled to receive distributions from payments received in relation to certain ISAs which are owned by the Trust, as detailed below in the section titled “Description of the ISA Assets”.

Loan Borrower Segregated Account

The Loan Borrower shall also pledge to Edly, as lender under the Loan, the Loan Borrower Segregated Account under the terms of the Security Documents. The Loan Borrower Segregated Account shall be subject to a deposit account control agreement to be established with First Republic Bank, for the benefit of Edly.

Together, the Series 0002 Interests, the ISA Participation Interests, the Trusts Interests, the Loan Borrower Segregated Account, and any other collateral pledged by the Loan Borrower to Edly, as lender, under the Security Documents, make up the collateral under the Loan.

DESCRIPTION OF THE ISA ASSETS

The section below provides details on the composition of the ISAs that are included in the pool of ISA Assets, and other data relevant to investors, including the types of schools, status of ISA Obligor, general field of study for ISA Obligor and universities represented in the pool of ISA Assets that makes up the ISA Participation Interests and the Trust Interests.

ISA Assets Summary¹

Number of ISAs	1,765
Average Salary over Minimum Income Threshold	\$88,704
Avg. Income Share %	14.13%
Avg. Cap per ISA Obligor	\$28,279

ISA Assets Summary

(a) ISA Assets related to ISA Participation Interests

School	# of ISAs	Price per ISA	Avg. Tuition	Price/Tuition	% of participation interests in ISAs purchased by Series 0002
American Diesel Training Centers	41	6,100	10,000	61.0%	78.07%
Advanced Welding	34	14,086	28,662	49.1%	78.07%
Insight I	253	6,475	15,075	43.0%	78.07%
Insight II	152	7,000	24,000	29.2%	78.07%
Nursing I	43	13,568	11,465	118.3%	78.07%
Nursing II*	45	9,395	8,737	107.5%	100%
Pathrise	65	3,500	16,123	21.7%	78.07%

¹ NTD: Edly to provide updated performance data.

Pathrise II*	131	4,909	13,000	37.8%	100%
Sollers II	71	5,610	13,908	40.3%	78.07%
V School	40	9,113	14,663	62.1%	78.07%
TOTAL:	800				

*The Nursing II and Pathrise II ISAs will be purchased by EFS from a third party, pursuant to the terms of a purchase agreement and thereafter will become part of the ISA Assets, pursuant to the terms of the Master Participation Agreement, prior to the Settlement Date.

(b) ISA Assets related to Trust Interests

School	# of ISAs	Price per ISA	Avg. Tuition	Price/Tuition	% of Trust interests in ISAs purchased by Loan Borrower
Lambda I	890	7,100	20,007	35.5%	48.09%
TOTAL (including item (a) above):	1,765				

ISA Assets Summary – Primary ISA Obligor Status of ISAs

Student Status	Percentage
Employed, Current	36.00%
Employed, Under Threshold	19.00%
In School	14.00%
Seeking Employment	26.00%

ISA Assets Summary – Schools

Schools	
Advanced Welding	34
American Diesel Training Centers	41
Arizona State University - Downtown Phoenix Campus	3
Azusa Pacific University	1
Bethel University	1
Brenau University	1
Concordia University Texas	4
Creighton University	1
Denver College of Nursing	1
Drexel University	3
Eastern Kentucky University	2
Emory University	10
Felician University	2
Florida International University	1
Goldfarb School of Nursing	1
Houston Baptist University	1

Schools	
Insight I	253
Insight II	152
Jacksonville State University	1
Kent State University	1
Lambda I	890
Loyola University Chicago	2
Marian University	1
Maryville University	1
MCPHS University	6
Mercer University	2
MidAmerica Nazarene University	2
Mississippi College	1
University of Mississippi	1
Moravian College	1
Northeastern University	11
Olivet Nazarene University	1

Schools	
Pathrise	65
Pathrise II	131
Queens University Charlotte	1
Resurrection University	1
Roseman University of Health Sciences	1
Saint Louis University	2
Samuel Merritt University	1
Shenandoah University	1
Sollers II	71
South Dakota State	1
Texas Tech University College of Human Sciences	1
Thomas Jefferson University	1

Schools	
University of Miami	2
University of North Carolina - Wilmington	2
University of Oklahoma Health Science Center	1
University of Rochester	1
University of Saint Thomas (Texas)	1
University of Texas, Arlington	1
Utica College	1
V School	40
Wagner College	1
Wayne State University	1
West Coast University	1
Xavier University	3
Total	1,765

ISA Assets Summary – General Field of Study for ISA Obligors

General Field of Study	
Nursing	5.0%
Computer Technology and Engineering	91.0%
Vocational	4.0%

ISA Assets Summary – List of Current Employers

Employer	# of ISA Obligors
10 Bits LLC	1
1910 Genetics	1
24G	1
5x5 Technologies	1
A-1 Towing	1
AAA	1
Academic Analytics	3
Accenture	5
ActZero, Inc.	1
ADT	1
Aetna Inc.	1
AirGarage	1
Airtime	1
Alchemie	1
Alt Platform Inc	1
Amazon	4
American Express Company, Inc.	1
American Freedom Insurance Company	1

Employer	# of ISA Obligors
Apex	1
Apple Inc	5
Apptentive	1
Arthrex	1
Audible, Inc.	1
Aunalytics	1
Automattic	1
AWS	1
Babaroga LLC.	1
Baltimore Corps Inc.	1
BAMF Health LLC	1
Bellhop	1
Big Armor	2
Biobot Analytics	1
Bioworld Merchandising	1
Blackberry	1
Bloomberg	7
Bloomberg LP	2
Bloomingdales	1

Employer	# of ISA Obligors
Blue River	1
Bluestem Analytics LLC	1
Bobcat	1
Booker DiMaio, LLC	1
Booz Allen Hamilton	1
Bose	1
Bravo Business	1
Bristol Myers Squibb	3
Brooksource	1
Broward County Public Schools	1
C3.ai	1
Call-em-all	1
CalSoft Private Limited (Contractor position at Dell)	1
Campus by Ucuroo	1
Capgemini	1
Capital City Ice	1
Capital One	3

Employer	# of ISA Obligors
Care.com	1
Caring, Inc.	1
CarMax	1
Carvana	1
Catylist, Inc.	1
CBS Interactive	1
CCMSI	1
Center for Medicare and Medicaid Services	1
Chainlink Labs	1
Change Healthcare	1
Chapman Cubine and Hussey/Lambda School	1
Citi	1
Citizen Software Engineers / Innovation Response Volunteers	1
Clairvoyant LLC	1
ClearCore LLC	1
Cloudbakers	1
CloudTruth	1
Codazen	1
CoEfficient Labs	1
Cognistx	1
Coinbase	1
Comcast	1
Community Brands	1
ConcertAI	1
Conde Nast	1
Connor Group	1
Continental Finance	1
Contract Sweepers	1
Convergent Genomics	1
Convoy	1
Corning Inc.	1
cPanel LLC	1
CPM	1
Credit Sesame	1
CRST	1
CSG	1
CVS Health	2
Cyndx	1
Dascena, Inc.	1
Dave Foster	1

Employer	# of ISA Obligors
Deepgram, Inc.	1
Deloitte Consulting LLP	1
Deserve	1
Disney Streaming Services	1
Dropbox, Inc	1
DuPont	1
Dwolla	1
eBay	2
eClinical Solutions	1
EEG Enterprises, Inc.	1
Elexa	1
Enel X	1
EnergyPrint	1
Engel & Völkers	1
EnhanceIT (aka Mobile Apps Enterprises Inc.)	1
Enovational	1
EQRx	1
ERNST	1
ESCCOG-ESC COUNCIL OF GOVERNMENTS	1
ESP Associates	1
Eventbrite	1
ExamSoft	1
Exaptive	1
Expedia	1
Extend	1
Ezoic	1
Fastmail	1
FedEx	1
Fetch Rewards	1
Fidelity Investments	1
FieldWorks	1
FIS global	1
Fiveable	1
Florida Blue	1
Fluidra	1
Fluree, PBC	1
Foodome	2
Forethought Technologies	1
Formidable Labs	1

Employer	# of ISA Obligors
Foxtrot	1
freelance	1
GEICO	2
Geminid Systems	1
Georgia Institute of Technology	1
GIRAFFE	1
GlaxoSmithKline	1
GM Financial	1
GMV Syncromatics	1
Goldman Sachs	1
Google	1
Gordian Software	1
Gottlieb	1
GreenZone Solutions Inc.	1
Guidewire	1
Gulf Winds Federal Credit Union	1
Hashpath	1
Hatch	1
Health IQ	1
Healthgrades	1
H-E-B	1
Hello Audio	1
Hellosaurus	1
Helm UX	1
Herkimer Media	1
Heroku	1
Hinge	1
HireKanna, Inc.	1
Home Point Financial Corp	1
Honey	1
IBM	1
Idea Evolver	1
IDS	1
iHeartRadio	1
InkSoft	1
Inseego	1
Insight Global, LLC	1
Insperty	1
Inspire Brands	1
Instacart	1

Employer	# of ISA Obligors
Intrepid Control Systems	1
Intuitive Digital	1
iRobot	1
Isonas	1
Jackson Furniture Industries	1
JBS Solutions	1
Jetson AI	1
JM4 Fitness LLC	1
Johnson Environmental Services	1
JP Morgan Chase	3
Kaiser Permanente	1
Kapsch TrafficCom	1
Keep Truckin, Inc	1
Kettle	1
Kforce	2
KingsCrowd	1
Kitestring Technical Services	4
Known	3
Kroger	1
Kush.com	1
Lambda School	16
Landed	1
Last Call Media	1
Learning Ovations Inc	1
Lee County School District	1
Leverage Lab	1
LGH	1
Liferay	1
Litterati, LLC	1
LivaFortis	1
LiveView Technologies	1
Lockheed Martin	1
Lonza Biologics	1
Love's Travel Stops and Country Store	1
Lowe's Companies, Inc.	1
Lucidworks Inc.	1
Lukka, Inc.	1
Lyssn.io	1

Employer	# of ISA Obligors
Mable	1
Macro-Eyes, Inc.	1
Macy's	3
Mailchimp	1
Malouf	1
MANTL	1
Markel	1
Masonite	1
May Diesel Services	1
Mayo Clinic	1
McCutcheon Enterprises, Inc	1
McKesson Corporation	1
Mediazact	1
Medidata Solutions	1
MeetElise	1
Memorial Sloan Kettering	1
Metolius Data LLC	1
MHPLC	1
Michaels	2
MindTree	28
Mission Cloud Services	1
MIT LL	1
MITRE	1
MobileSoft	1
Moderna Therapeutics	1
Mutual of Omaha	1
Mynd	1
Myndshft	1
MYTILITY CORP	1
NarcBox	1
Narrate	1
National Carriers	1
National Information Solutions Cooperative	1
ncino	1
Nerdery	1
New Relic	1
Nexient	7
Nicer Studio	1
Nordstrom	3
Northwestern Mutual	6
Nowigence	2

Employer	# of ISA Obligors
Ntelicor	1
Nuclius LLC	1
Octave Bioscience	1
Old Dominion Freight Line	2
OM1 Inc.	1
Omni Homestead	1
Omnilert	1
OneTrust	1
Onfleet	1
Online Med Ed	1
OpenSesame	1
Oracle	3
Osmosis - Knowledge Diffusion	1
Our community credit union	1
Ouraring Inc.	1
Ovative Group	1
Oxford University Press	1
Pacific Data Integrators	1
Palantir	1
Palo Alto Insight	1
Parc	1
PatientsLikeMe	2
Payward	1
Penguin Computing	1
Penske Truck Rental	1
Perficient	1
Performance Star	1
Periship LLC	1
Pinterest	1
PlaceIQ	1
Prenda Inc	1
Preset	1
Pro Unlimited	1
Programs Management Analytics & Technologies	1
Progrexion	1
ProModel	1
PTC (Acquired Onshape)	1
Purple	1

Employer	# of ISA Obligors
QCTV Corp	1
Quicken Loans	1
Quickway Transportation	1
Quikserve Solutions	2
QX Logistix	1
Ramsey Solutions	1
ReadMe	1
Redfin	1
Repl.it	1
Republic	1
RF-Smart	1
Rhombus Power Inc.	1
Riiid Labs	1
Robotzone	1
Rock Solid Internet	1
Rooms To Go	1
Root Inc.	1
Royalty Exchange	1
Runway Proptech	1
RVshare	1
Ryder	1
Ryder Truck Rental	1
SAIA	1
SampleServe	1
Samsara	1
Sanmina	1
Science Applications International Corporation	1
Self Employed	3
Sender, Inc.	1
Sendoso	1
Sentry.io	1
Sezzle	1
Sharpen Technologies	1
Shopify	1
Shutterfly	1
SI Certs	1
Signature Consultant	1
SimplePart	1
SimplePractice	1
SimSpace	1
Slalom	2
Smooth Fusion	1

Employer	# of ISA Obligors
Solutia Consulting	1
Solution Design Group	1
Sonatype	1
Sony Interactive Entertainment	1
Sony PlayStation	1
Southern Company	1
SPARK Business Works	1
SparkMD Inc.	1
Sparksoft Corporation	1
Spiketrap, Inc.	1
Spring Health	1
SpringBig	1
Sprouts Farmers Market	1
Squarespace	1
Stamps.com	1
Steel Technologies	1
Stuart Lumber Company	1
Submittable	1
Sulzer US, LLC	1
Sunbelt	1
Sunbelt Rentals	1
SupplyHive	1
SurvivorPlan	1
Swivel Demos, Inc.	1
Synap.io	1
Syneos Health US, Inc.	1
Szl.it	1
T4	1
Tala	1
Talkspace	1
Talla	1
Tamr	1
Tanjo	1
Target Corporation	2
TargetCW	7
Tasktop Technologies	1
Tata Consultancy Services	1
Techflex, inc	1
TEKSystems	2
Teladoc Health	1

Employer	# of ISA Obligors
Ten Mile Square	1
That's Us Technologies	1
The Atom Group	1
The Behavior Exchange	1
The Hartford	1
The Helper Bees	2
The Lambda School of Computer Science	1
The Michaels Companies, Inc	1
The Spur Group	1
The TJX Companies , Inc.	1
Thryv	1
Toast Inc	1
Tommy Breaux	1
Tony	1
Top Cat Concrete	1
Topbox	1
Toyota Financial Services	1
Toyota Infotech Labs	1
Travelers	2
Trend Micro	1
Truckway Leasing	1
TSL	1
TSYS	2
TuSimple	1
Twilio, Inc.	1
Uber	1
UberMedia	1
Ucuroo Incorporated	1
Ultimate Software	1
United Healthcare Group	1
UnitedHealth Group	2
Upswing	1
Utah Jazz	1
V3 Transportation	1
Vanguard	3
Vanguard Charitable	1
Vecna Robotics	1
Verify Energy	1
Verizon Media	1
Vertafore	1

Employer	# of ISA Obligors
Vertical Knowledge	1
Vet Comp and Pen Medical Consulting	1
VincentBenjamin	1
Virgin Pulse	2
Virtually	1
Vistaprint	1
Vivid Genomics, Inc.	1
VIZ Media	1
Volt Systems	1
VSSL	1
VTV Technologies	1
Walmart	2
Watsco Inc.	1

Employer	# of ISA Obligors
Wayfair	4
Wealth Innovations LLC	1
WebstaurantStore	1
Western Governors University	1
Westhill Global	1
Wethos	1
WideOrbit	1
Wirecutter	1
Woody Sander Ford	1
World Wide Technology	1
WW International, Inc.	1

Employer	# of ISA Obligors
XOKind Inc	1
Xsense.ai	1
Yard Trucks of Ohio	1
YOH, A DAY & ZIMMERMANN COMPANY	1
ZEIT	1
Zennify	1
Zillow	1
Zoom	1
Zoomforth, Inc	1

SUMMARY OF THE TERMS OF THE LOAN

The following summary sets forth the principal terms of the Loan securing the Note.

Loan Maturity Date	June [___], 2024 (the “Loan Maturity Date”)
Interest	[____]%
Loan Payment Date	All payment of interest, principal and any other amounts to be made under the Loan will be paid monthly on the fifteenth (15th) of each month.
Amortization	On each Loan Payment Date, after payment of fees have been made to the Manager and to the Lender (on behalf of the Trustee and EFS as holder of the Note), to accrued interest on the Loan, and to the Loan Borrower for any fees and expenses due, all available collections as of such Loan Payment Date will be used to make principal payments on the Loan, until the loan balance of the Loan has been reduced to zero. See the section titled “Priority of Payments under the Loan”. On each Loan Payment Date, the Loan Borrower shall make certain minimum principal payments in accordance with the Loan Amortization Schedule (as defined below). The Loan borrower’s failure to make any such minimum principal payments shall result in a Loan Amortization Event (as defined below). All outstanding principal and unpaid interest is payable in full at the Loan Maturity Date.
Prepayment	After the Permitted Redemption Date and prior to the Loan Maturity Date, the Loan Borrower may prepay the Loan in whole or in part, without premium or penalty.
Use of Loan Proceeds	The Loan Borrower intends to use the proceeds of the Loan, after payment of certain applicable fees and expenses to finance its acquisition of the ISAs, including a refinance of an existing warehouse credit facility.
Lender	Edly Inc.
Effective Date	The effective date of the Loan shall be the same as the Settlement Date for the Note.

DESCRIPTION OF THE LOAN

General

Edly is providing a [\$6,500,000] term loan by way of a Term Loan Agreement, entered into as of June [___], 2021 by and between Edly and the Loan Borrower with a stated maturity date of three years. The Loan shall bear interest at a rate equal to [____] %.

The Loan is secured by a security interest in the in Loan Collateral, which includes the rights, title and interests in the Trust Interests, the Series 0002 Interests, ISA Participation Interests and all other collateral, owned by the Loan Borrower and pledged for the benefit of Edly Inc., as secured lender, pursuant to the terms of the Term Loan Agreement and the Security Documents.

Cash Flow and Cash Management of Payments Made by ISA Obligor

ISA Obligor make payments on their respective ISAs by either (1) linking their approved bank account to the customer portal operated by a third party servicer and authorizing such third party servicer to auto-debit all amounts due every month, according to the terms of each ISA or (2) initiating such payments manually at any time. Any auto debit payments will be deposited from the approved bank accounts of different ISA Obligor to a segregated account owned by the third party servicer at various dates during the month.

At the end of each month, the third party servicer will sweep all funds it has received related collections related to the ISA Assets, minus its servicing fees, to the appropriate accounts, as directed by Edly. Edly shall instruct any third party servicer to direct all such payments received from any ISA Obligor in connection with ISA Participation Interests to the EFS Bank Account. Likewise, Edly shall instruct any third party servicer to direct all such payments received from any ISA Obligor in connection with Trust Interests to the Owner Trustee Account.

On the 10th day of each month, pursuant to the terms of EFS’s Series Limited Liability Company Agreement, Edly, as the sole member of EFS, will, in accordance with its customary policies and procedures, manage and review the cash deposited into the EFS Bank Account and determine what amounts should be paid to which series (including the Loan Borrower, as sole member of Series 0002), in amounts proportionate to the percentage of participation interests owned by such series for any given pool of ISAs. Edly may hire a third party administrator to perform the payment calculations and perform other related services. Additionally, pursuant to the Trust Documents, U.S. Bank National Association, as paying agent will manage and review the cash deposited into the Owner Trustee Account and determine what amounts should be paid to each beneficial owner, including amounts due to the Loan Borrower as the beneficial owner of the Trust Interests.

On the 15th day of each month, Edly or U.S. Bank National Association, as paying agent, in relation to the Owner Trustee Account, will remit all payments due to the Loan Borrower, in the Loan Borrower Segregated Account, based on its calculations related to amounts remitted to the EFS Bank Account and the Owner Trustee Account for the preceding month. The Loan Borrower Segregated Account is managed by Edly, in its capacity as manager of the Loan Borrower.

On each Loan Payment Date, the Loan Borrower will distribute funds on deposit in the Loan Borrower Segregated Account, pursuant to the priority of payments set forth in the Term Loan Agreement, and all funds (e.g., interest and principal) due and payable to Edly, as lender, to the Trustee Segregated Account.

On each Note Payment Date, which is 5 days after each Loan Payment Date, U.S. Bank, as Paying Agent will distribute funds on deposit in the Trustee Segregated Account pursuant to the priority of payments set forth in the Indenture, and all funds (e.g., interest and principal) due and payable to EFS as holder of the Note will be paid to EFS.

Priority of Payments under the Loan

Payments Prior to a Loan Amortization Event or a Loan Event of Default

Until a Loan Amortization Event or a Loan Event of Default (defined below) shall have occurred and be continuing under the Loan, on each Loan Payment Date, the Loan Borrower shall apply all collections with respect to the Loan Collateral, which are on deposit in the Loan Borrower Segregated Account and which are not subject to collection on the date of distribution in the following amounts and in the following manner and order of priority:

- (i) first, to pay any reasonable costs and expenses, including but not limited to, to the Manager (as defined below), the Management Fee, and to Lender as a hold-back for all amounts required to be paid by Edly, as issuer, to the Trustee, pursuant to the terms of the Indenture.
- (ii) second, to pay to Lender, any accrued but unpaid interest;
- (iii) third, to pay to Lender all principal amounts owed on such Loan Payment Date in accordance with the Loan Amortization Schedule;
- (iv) fourth, to pay to the Loan Borrower an amount equal to \$15,000; and
- (v) fifth, to pay to Lender, the principal on the Loan until the outstanding principal amount of the Loan shall have been reduced to zero.

“Loan Amortization Schedule” means:

Loan Payment Date	Outstanding Principal Loan Amount	Principal Payment Amount Due:
6/15/2021	6,385,518	114,482
7/15/2021	6,301,892	83,626
8/15/2021	6,209,067	92,825
9/15/2021	6,107,771	101,296
10/15/2021	6,013,140	94,631
11/15/2021	5,924,386	88,753
12/15/2021	5,783,710	140,677
1/15/2022	5,589,264	194,445
2/15/2022	5,387,562	201,702
3/15/2022	5,104,459	283,103
4/15/2022	4,715,926	388,533
5/15/2022	4,326,694	389,232
6/15/2022	3,926,412	400,282

7/15/2022	3,520,641	405,772
8/15/2022	3,111,311	409,330
9/15/2022	2,736,041	375,271
10/15/2022	2,392,030	344,010
11/15/2022	2,045,948	346,082
12/15/2022	1,699,177	346,772
1/15/2023	1,352,993	346,184
2/15/2023	1,008,897	344,096
3/15/2023	702,467	306,430
4/15/2023	462,453	240,014
5/15/2023	273,681	188,772
6/15/2023	84,945	188,736
7/15/2023	-	84,945

“Bankruptcy Event” means with respect to any person (a) such person (i) shall file a petition seeking relief under any applicable federal, state or foreign bankruptcy or other similar law, (ii) shall fail to contest in a timely and appropriate manner or shall consent to the institution of proceedings thereunder or to the filing of any such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee or sequestrator (or similar official) of such person or of any substantial part of such person’s assets, (iii) shall make an assignment for the benefit of creditors, (iv) shall take any corporate action in furtherance of any of the foregoing, or (v) shall admit in writing its inability to, or shall be generally unable to, pay its debts as such debts become due; or (b) a case or proceeding shall have been commenced against such person seeking a decree or order in respect of such person’s assets (i) under any applicable federal, state or foreign bankruptcy or other similar law, (ii) appointing a custodian, receiver, liquidator, assignee, trustee or sequestrator (or similar official) for such person or of any substantial part of such person’s assets, or (iii) ordering the winding-up or liquidation of the affairs of such person, and such case or proceeding.

“Loan Amortization Event” means the Loan Borrower fails to make a minimum principal payment on such Loan Payment Date in accordance with the Loan Amortization Schedule.

“Loan Event of Default” means (i) Loan Borrower fails to make any payment of principal due at the Loan Maturity Date (without giving effect to availability of funds); or (ii) Loan Borrower fails or neglects to timely perform, keep, or observe any term, condition, or affirmative or negative covenant under the Loan, which, if capable of being cured, is not cured within thirty (30) days and such breach results in a material adverse effect; (iii) any Loan Amortization Event occurs and remains uncured for 90 days; (iv) any Bankruptcy Event related to the Loan Borrower shall have occurred and shall remain undismissed or unstayed for sixty (60) calendar days or more or such court shall enter a decree or order granting the relief sought in such case or proceeding; or (v) the occurrence or the existence of any event of default under the Indenture which is not cured within any applicable grace period.

“Management Fee” shall have the meaning set forth in the Term Loan Agreement. See the section titled, “Management Fee Under the Loan”.

“Manager” shall have the meaning in the Indenture.

Payments Following a Loan Amortization Event

After the occurrence and continuance of a Loan Amortization Event and until the month following the Loan Payment Date when the Loan Borrower has cured such Loan Amortization Event, on each applicable Loan Payment Date, the Loan Borrower shall apply all collections with respect to the Loan Collateral received by the Servicer with respect to the Loan, which are on deposit in the Loan Borrower Segregated Account in the following amounts and in the following manner and order of priority:

- (i) first, to pay any reasonable costs and expenses, including but not limited to, to the Manager, the Management Fee, and to Lender as a hold-back for all amounts required to be paid by Edly, as issuer, to the Trustee, pursuant to the terms of the Indenture;
- (ii) second, to pay to Lender, any accrued but unpaid interest; and
- (iii) third, to pay to Lender, the principal on the Loan until the outstanding principal amount of the Loan shall have been reduced to zero; provided, that, a Loan Amortization Event shall no longer be continuing in the event that the outstanding principal amount of the Loan has been reduced to an amount equal to or less than the required loan principal amount for such Loan Payment Date in accordance with the Loan Amortization Schedule.

Payments Following a Loan Event of Default

After the occurrence of a Loan Event of Default, on each Loan Payment Date, the Loan Borrower shall apply all collections with respect to the Loan Collateral received by the Servicer with respect to the Loan, which are on deposit in the Loan Borrower Segregated Account in the following amounts and in the following manner and order of priority:

- (i) first, to pay any reasonable costs and expenses, including but not limited to, to the Manager, the Management Fee, and to Lender as a hold-back for all amounts required to be paid by Edly, as issuer, to the Trustee, pursuant to the terms of the Indenture;
- (ii) second, to pay to Lender, any accrued but unpaid interest; and
- (iii) third, to pay to Lender, the principal on the Loan until the outstanding principal amount of the Loan shall have been reduced to zero.

DESCRIPTION OF THE NOTE

The following is a summary of particular terms and conditions of the Note and is not complete. The summary is subject to, and is qualified in its entirety by reference to, all the provisions of the Indenture, including the definitions of certain terms therein. We urge you to read the Indenture because it, not this description, sets forth the terms of the Note. Copies of the Indenture may be obtained from us upon request.

General

The Note is issued under and governed by the terms and conditions of the Indenture. The following statements are summaries of the material provisions of the Indenture.

The Note evidences the right of EFS as holder of the Note to receive interest and principal payments due or any prepayments made from time to time thereunder.

The Note is U.S. dollar denominated and will have a stated interest rate and an aggregate stated principal amount, set forth in the Indenture. Each monthly payment date under the Note shall occur five days (on the 20th day of each month) after the payment date applicable under the Loan (on the 15th day of each month). Other payment terms specified in the Indenture, such as accrual of interest, principal amount, no prepayment penalties and amortization, will be the same as those stated in the documents governing the Loan.

The stated interest rate on the Note will be the same as the interest rate on the Loan.

After the Permitted Redemption Date, the Note may be redeemed from the proceeds of either a sale of other notes or, in the case of Note that are held by EFS and resold by EFS or its affiliates in secondary market transactions, as may be available for transactions of such kind.

Use of Proceeds From The Note

The proceeds from the issuance of the Note and the sale of participation interests therein will be used by Edly to simultaneously fund the Loan, as the lender thereunder.

Note Collateral

Pursuant to the Indenture, the Note is a secured special obligations of Edly. The Note will be secured by a security interest in the collateral granted to the Collateral Agent, for the benefit of the Collateral Agent, the Trustee, and EFS as holder of the Note (the "Note Collateral"). The Note Collateral will be all of Edly's interest, title and rights under the Loan, including the payment of interest and principal under the Loan and all proceeds that Edly may otherwise receive in connection with the Loan from the Loan Borrower, an ISA Obligor or any third party.

Payments on the Note

Subject to the limitations described under the section titled "Limitations on Payments," Edly will make payments of principal and interest on the Note on each Note Payment Date or if such Note Payment Date is not a Business Day, on the next Business Day, provided we have received payments on the Loan within five Business Days prior to such Note Payment Date. If any payments are received by Edly from the Loan Borrower after Loan Payment Date, Edly will pay EFS as holder of the Note on the next Note Payment Date. The five day margin will allow us to assure the finality of the transfer of funds under the ACH rules after we receive payments from the Loan Borrower.

Edly will make all payments due under the Note, only to the extent that Edly has received any payments due, as lender, under the Loan, and as described herein. In other words, any payments received by Edly from the Loan Borrower related to the proceeds of the Loan will be used to issue payment of interest and principal, minus any applicable fees, to EFS as holder of the Note on each Note Payment Date. Notwithstanding the foregoing, it shall not be a default under the Indenture for Edly to fail to make any payments due on the Note, if there are insufficient funds in the Trustee Segregated Account to make such payments on a Note Payment Date. All outstanding principal and unpaid interest is payable in full at the Note Maturity Date. Failure to pay all accrued and unpaid interest and outstanding principal on the Note Maturity Date will be an event of default under the Indenture.

The Trustee shall receive prior written notice if Edly does not receive any Loan proceeds and accordingly, if Edly will be unable to make payments under the Note, within fifteen (15) days of the applicable Note Payment Date. Any payments made by the Loan Borrower to Edly will be distributed by the Trustee to EFS as holder of the Note. Any amount distributed to the Trustee for payment to EFS as holder of the Note shall exclude any applicable fees, including, but not limited to, the Management Fee and the Trustee Fee.

All payments received by Edly from the proceeds of the Loan, will be deposited by the Loan Borrower, from the Loan Borrower Segregated Account, into the Trustee Segregated Account, which will be controlled by the Collateral Agent, pursuant to a deposit account control agreement, dated June [], 2021, by and among Edly and U.S. Bank, as Collateral Agent and as Paying Agent, and U.S. Bank as depository bank. The Paying Agent will make all required payments on the Note via wire transfer to EFS as holder of the Note. If a Note Payment Date falls on a date that is not a Business Day, then such payment will be made on the next succeeding Business Day.

We will irrevocably deliver no later than 10:00 a.m. New York time on each Note Payment Date, Note Maturity Date or such date of earlier redemption (if the Note is to be redeemed after the Permitted Redemption Date) notice to the Paying Agent, to issue payment to EFS as holder of the Note, in accordance with the terms of the Indenture, of all available funds.

In the event that any Note Payment Date, Note Maturity Date or date of earlier redemption or repayment is not a Business Day, principal and/or interest on the Note will be paid on the next succeeding Business Day, however, we will not pay any additional interest due to the delay in payment.

Any tax, assessment or governmental charge imposed upon payments, including, without limitation, any withholding tax, is the responsibility of the holders of a beneficial interest in the Note in respect of which such payments are made.

Prepayments

No prepayment premium or penalty exists under the Loan or the Indenture. To the extent that the Loan Borrower prepays the Loan in whole or in part, after the Permitted Redemption Date, EFS as holder of the Note will be entitled to receive such prepayment, in the form of an early redemption of the Note. For example, upon a partial prepayment of the Loan, the outstanding principal due on the Loan will be reduced, any such repayment proceeds will be redeemed on the corresponding Note Payment Date.

Priority of Payments Under the Note

Five days prior to each Note Payment Date, on the Loan Payment Date, Edly shall have received from the Loan Borrower any payments of principal, interest and fees and expenses due under the Loan, resulting from the proceeds of all collections made by a third-party servicer with respect to the ISA Assets. On the Note Payment Date, to the extent any payments were actually made by Loan Borrower on the Loan Payment Date, the Trustee, on behalf of Edly, shall distribute all amounts which are on deposit in the Trustee Segregated Account in the following amounts and in the following manner and order of priority:

- (i) first, to pay to the Trustee any fees due pursuant to the terms of the Indenture in an amount equal to the amounts held-back to pay such fees to the Trustee under the terms of the Loan;
- (ii) second, to pay any accrued and unpaid interest on the Note; and
- (iii) third, to principal on the Note, in an amount equal to the payments made by the Loan Borrower to the Issuer pursuant to the terms of the Term Loan Agreement as of each Loan Payment Date, and until the principal balance of the Note has been reduced to zero.

Payments Following an Indenture Event of Default

From and after the occurrence of an Indenture Event of Default, on each Note Payment Date, the Trustee shall apply all payments of principal and interest received by the Loan Borrower, and all other amounts which are on deposit in the Trustee Segregated Account and which are not subject to collection on the applicable Note Payment Date in the following amounts and in the following manner and order of priority:

- (i) first, to pay to the Trustee any fees due pursuant to the terms of the Indenture in an amount equal to the amounts held-back to pay such fees to the Trustee under the terms of the Loan;
- (ii) second, to pay any accrued and unpaid interest on the Note; and
- (iii) third, to principal on the Note, in an amount equal to the payments made by the Loan Borrower to the Issuer pursuant to the terms of the Term Loan Agreement as of each Loan Payment Date, and until the principal balance of the Note has been reduced to zero.

Indenture Events of Default

Under the terms of the Indenture, any of the following events constitutes an event of default on the Note (“Indenture Event of Default”):

- to the extent Edly has received any proceeds paid by the Loan Borrower under the Loan, and Edly has failed to make a payment on the Note equal to the full amount of such loan proceeds for thirty (30) days past the applicable Note Payment Date;
- failure by Edly to perform, or the breach of, any other covenant for the benefit of EFS as holder of the Note which continues for 30 days after written notice from the Trustee, subject to an additional 30-day cure period;
- failure by Edly to pay all accrued and unpaid, interest, all outstanding principal payments and all other amounts due on the Note Maturity Date;
- a default under the Loan;
- any impairment of the collateral or impairment of the security interest; or
- A Bankruptcy Event related to Edly.

If an Indenture Event of Default occurs due to bankruptcy, insolvency, or reorganization, as provided in the Indenture, then the stated principal amount of the Note shall become due and payable immediately without any act by the Trustee or EFS as holder of the Note. The Trustee shall not be charged with knowledge of any default or Indenture Event of Default unless a responsible officer of the Trustee shall have obtained actual knowledge thereof.

EFS as holder of the Note may institute a suit against Edly, Inc. for enforcement of rights under the Indenture or pursue any other remedy with respect to the Indenture or the Note if:

- EFS gives to the Trustee written notice stating that an Indenture Event of Default with respect to the Note is continuing;
- EFS makes a written request to the Trustee to pursue such remedy;
- EFS offers to the Trustee security or indemnity satisfactory to it against any loss, liability or expense satisfactory to the Trustee;
- the Trustee does not comply with the request within sixty (60) days after receipt of the notice, the request and the offer of security or indemnity; and

- EFS does not give the Trustee direction which is inconsistent with such request during such 60-day period.

Remedies following an Indenture Event of Default

If an Indenture Event of Default has occurred and is continuing, the Trustee shall, at the written direction of EFS as the holder of the Note, declare that the Note becomes immediately due and payable by notice in writing to the Edly, Inc. Upon the declaration that the Note is immediately due and payable following an Indenture Event of Default, the Trustee, at the written direction of EFS, may exercise certain remedies with respect to the Note and the Loan Collateral as so directed, which may include (subject to the limitations described below) causing the Company to liquidate the Loan Collateral in whole or in part at one or more public or private sales called and conducted in any manner permitted by law.

Satisfaction and Discharge of the Indenture

The Indenture will generally cease to be of any further effect with respect to the Note if the Note has been fully satisfied with all payments due (either according to its schedule or through default) from the Loan being made and the Note has been delivered for cancellation subject to the provisions set forth in the Indenture.

Governing Law

The Indenture will be governed by the laws of the State of New York.

Information Concerning the Trustee

U.S. Bank is the Trustee under the Indenture. From time to time, we may maintain deposit accounts and conduct other banking transactions with the Trustee and its affiliates in the ordinary course of business. The Trustee and its affiliates will be permitted to engage in other transactions; however, if they acquire any conflicting interest, the conflict must be eliminated or the Trustee must resign.

MANAGEMENT

Manager of the Loan Borrower and of EFS

Edly, in its role as manager of the Loan Borrower, will engage and oversee third-party service providers that will perform administrative duties with respect to the Loan and the Loan Collateral. Edly, in its role as manager of EFS, as holder of the Note, will perform administrative duties with respect to the Note and payments thereon, including arranging for distributions on the participation interests in the Note held by investors. Edly will have a potential conflict of interest in managing these entities and discharging its responsibilities to investors.