## Exhibit B Form of Deposit Account Control Agreement (DACA)

**U.S. Department of Agriculture**
Rural Utilities Services

RUS Project Designation:
California 41 AC50 Riverside

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**DEPOSIT ACCOUNT CONTROL AGREEMENT**
**For**
**Energy Efficiency Account**

This Deposit Account Control Agreement ("Agreement") is made and entered into as of _____, among Anza Electric Cooperative, Inc. ("Company"); and the UNITED STATES OF AMERICA (the "Government"), acting by and through the Administrator (together with any person succeeding to the powers and rights of the Administrator with respect to this Agreement, the "Administrator"), of the Rural Utilities Service (together with any agency succeeding to the power and rights of the Rural Utilities Service with respect to this Agreement, the "RUS" acting as "Lender"), and [Bank's Name] ("Financial Institution") with respect to the following:

A. Pursuant to that certain Security Agreement and Financing Statement dated as of January 5, 2024, by and between Company and RUS (the "Security Agreement"), Company has agreed to provide certain collateral, including, without limitation, the Deposit Account (as defined herein), to Lender to secure the Loan and the Notes (both as defined in the Security Agreement). The Security Agreement has been executed in connection with a certain loan agreement (the "Loan Contract") being made by Lender to Company, which Loan is being made by the Rural Utilities Service pursuant to Section 6407 of the Farm Security and Rural Investment Act of 2002, as amended.

B. Company has established the following deposit account with Financial Institution(whether one *or more*, individually and collectively, the "Deposit Account"):

| Name in Which Account is Maintained | Branch in which Account is Maintained / Routing Number | Account Number |
|---|---|---|
| Energy Efficiency Program Acct | xxxxxxx | xxxxx |

C. The parties hereto desire to enter into this Agreement in order to set forth their respective rights and obligations with respect to the Deposit Account and all funds on deposit therein from time to time and to perfect Lender's security interest in the Deposit Account.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements hereinafter set forth, the receipt and sufficiency of which are hereby acknowledged the parties agree as follows:

1. Effectiveness. This Agreement shall take effect immediately upon its execution by all parties hereto and shall supersede any deposit account control agreement, account opening agreement, account agreement, security agreement, or similar agreement in effect with respect to any Deposit Account.

2. Security Interest: Agency. As collateral security for Company's obligations to Lender under the Security Agreement and the other loan documents described therein, Company hereby grants to Lender a present and continuing security interest in (a) the Deposit Account, (b) all contract rights, claims and privileges in respect of the Deposit Account, and (c) all cash, checks, money orders and other items of value of Company now or hereafter paid, deposited, credited or held (whether for collection, provisionally or otherwise) to or in the Deposit Account or otherwise in the possession or under the control of, or in transit to, Financial Institution or any agent, bailee or custodian thereof for deposit in or credit to the Deposit Account and all proceeds of the foregoing (collectively, "Receipts"). Financial Institution acknowledges the security interests of Lender in the Deposit Account and Receipts and that this Agreement constitutes notice of such security interests and Financial Institution further acknowledges and agrees that it does not and shall not object to or contest the validity or first priority of Lender's security interests in such collateral.

3. Control of Deposit Account.

(a) Company and Financial Institution acknowledge and agree that Lender has control (as defined in Section 9-104 of the Uniform Commercial Code) of the Deposit Account.[1] Financial Institution will not permit the withdrawal or other disposition of any funds in the Deposit Account except as expressly provided in this Agreement.

(b) Until such time as Lender delivers a Notice of Exclusive Control (in form substantially the same as attached hereto as Exhibit A and incorporated herein by this reference) to Financial Institution, Financial Institution shall comply with instructions directing the withdrawal, payment, transfer or other disposition of funds in the Deposit Account ("Disposition Instructions") originated by Company which Company is entitled to give concerning the Deposit Account in accordance with the Loan Contract provided however, that the Financial Institution will not permit the Company to withdraw sums from the Deposit Account without the prior

[1] Pursuant to and in accordance with Section 9-104 of the Uniform Commercial Code, "control" by a secured party of a deposit account is effectuated, among other things, where the debtor, the secured party, and the Financial Institution with which the deposit account is maintained have agreed in an authenticated record that the Financial Institution will comply with instructions originated by the secured party directing disposition of the funds in the deposit account without further consent by the debtor, even if the debtor retains the right to direct the disposition of funds from the deposit account.

approval of the Lender if the credit balance remaining would be less than $2,500.00 or close the Deposit Account without the written approval of the Lender. Nothing in the foregoing shall, or shall be construed to, limit, impair, or otherwise adversely affect any of Lender's rights or remedies under the Security Agreement. A "Notice of Exclusive Control" is a written notice from Lender to Financial Institution that Lender is thereby exercising exclusive control over the Deposit Account and the funds therein; for an example, see Sample Exhibit A. Lender may, at any time deliver to Financial Institution a Notice of Exclusive Control.

(c) Within a reasonable time after Financial Institution receives a Notice of Exclusive Control in accordance with this Section 2, but in all events no later than three (3) business days after such receipt, and until the Lender has rescinded or withdrawn such Notice of Exclusive Control: (i) Financial Institution will comply solely with instructions originated by Lender with respect to the Deposit Account and any and all funds therein, including, without limitation, any stop payment orders for any items presented to the Deposit Account for payment, withdrawals from the Deposit Account or any other disposition thereof, without further consent by Company; (ii) Financial Institution will cease, without further consent of Company, complying with instructions concerning the Deposit Account or funds on deposit therein originated by Company or the representatives of Company; and (iii) Financial Institution will provide notice to Company of actions taken with respect to the Deposit Account. Without in any way limiting the foregoing, in the event of any dispute between Lender and Company, Financial Institution shall, in all circumstances after a Notice of Exclusive Control has been given, follow the directions of the Lender and shall not follow the directions of the Company.

(d) Lender is entitled to give a Notice of Exclusive Control and Financial Institution is obligated to follow the directions of Lender in respect of the Deposit Account, without any right or duty to inquire further.

(e) The Deposit Account will use Company's taxpayer identification number.

4. Fees. Company shall be responsible only for those usual and customary service charges, transfer fees, and account maintenance fees (collectively, "Fees") of Financial Institution in connection with the Deposit Account that would otherwise exist in the absence of this Agreement. Lender shall not have any responsibility or liability for the payment of any Fees.

5. Representations and Warranties. The Financial Institution represents and warrants to the Lender that the Financial Institution (i) is an organization engaged in the business of banking and is insured by the FDIC, (ii) maintains the Deposit Account as a demand deposit account(s) in the ordinary course of the Financial Institution's business and (iii) has not entered into any currently effective agreement with any person under which the Financial Institution may be obligated to comply with Disposition Instructions originated by a person other than the Company or the Lender with regard to the Deposit Account. The Financial Institution will not enter into any agreement with any person under which the Financial Institution may be obligated to comply with Disposition Instructions with regard to the Deposit Account originated by a person other than the Company or the Lender.

6. Setoff. Except for Fees of Financial Institution payable pursuant to Section 3 hereof, Financial Institution hereby agrees that Financial Institution will not exercise or claim any right of setoff or security interest or banker's lien against the Deposit Account or any Receipts on deposit therein, and Financial Institution hereby further waives any such right or lien that it may have against any Receipts deposited in the Deposit Account.

7. Limits of Financial Institution's Liability.

(a) Financial Institution will not be liable to Company (debtor) for any expense, claim, loss, damage or cost ("Damages") arising out of or relating to its performance under this Agreement other than those Damages which result directly from Financial Institution's acts or omissions constituting gross negligence or willful misconduct.

(b) Notwithstanding any of the other provisions in this Agreement, in the event of the commencement of a case pursuant to Title 11, United States Code, filed by or against Company, or in the event of the commencement of any similar case under then applicable federal or state law providing for the relief of debtors or the protection of creditors by or against Company, Financial Institution may act as Financial Institution deems necessary to comply with all applicable provisions of governing statutes and shall not be in violation of this Agreement as a result.

(c) Financial Institution shall be permitted to comply with any writ, levy order or other similar judicial or regulatory order or process concerning the Deposit Account and shall not be in violation of this Agreement for so doing.

8. Indemnity. Company will indemnify Financial Institution, its officers, directors, employees, and agents against claims, liabilities, damages, and expenses arising out of this Agreement or the Deposit Account including reasonable attorneys' fees and disbursements and the reasonable estimate of the allocated costs and expenses of in-house legal counsel and staff), except to the extent such claims, liabilities, or expenses are caused by Financial Institution's gross negligence or willful misconduct.

9. Termination. This Agreement may be terminated by Company only upon delivery to Financial Institution of a written notification jointly executed by Company and Lender. This Agreement may be terminated by Lender at any time, upon its delivery of written notice to Company and Financial Institution. This Agreement may be terminated by Financial Institution at any time on not less than 60 days' prior written notice delivered to Company and Lender. Upon delivery or receipt of such notice of termination by Financial Institution, and upon subsequent direction by the Lender, Financial Institution will immediately transmit to such deposit account as Lender may direct all funds, if any, then on deposit in the Deposit Account. Notwithstanding the foregoing, this Agreement shall terminate automatically upon payment in full of the Loan and the Notes.

10. Notices. Any notice or document required or permitted to be delivered hereunder shall be in writing and shall be effective upon (i) delivery, if personally delivered or sent by overnight courier, (ii) three business days after mailing, if mailed. All notices shall be personally

delivered, delivered by overnight courier or sent by United States Mail, postage prepaid, Certified or Registered Mail, addressed to the parties hereto at the respective addresses set forth on the signature pages, or at such other address as they have theretofore specified by written notice delivered in accordance herewith, or (iii) in the case of notice by electronic mail or by such a telecommunications device, upon transmission thereof, provided such transmission shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient. Any party hereto, at any time, by written notice given to the other in accordance with this Section, may designate a different address to which such communications shall thereafter be directed. Any notice issued or made by Lender to Financial Institution shall simultaneously be issued or made to Company. Any notice issued or made by Financial Institution shall simultaneously be issued or made to Company.

11. Deposit Account Information. The Financial Institution will provide to the Lender, whether by Internet access, to the extent that the Financial Institution has the operational ability to do so, or otherwise, a copy of each periodic account statement relating to the Deposit Account ordinarily furnished by the Financial Institution to the Company. The Financial Institution's liability for failing to provide the account statement will not exceed the Financial Institution's cost of providing the statement. The Company authorizes the Financial Institution to provide to the Lender, whether by internet access or otherwise, any other information concerning the Deposit Account that the Financial Institution may agree to provide to the Lender at the Lender's request.

12. Miscellaneous.

(a) This Agreement shall be binding on and shall inure to the benefit of the parties and their respective successors and assigns, but neither Company nor Financial Institution shall be entitled to assign or delegate any of its rights and/or duties under this Agreement without mutual agreement of all of the parties.

(b) Lender may assign its rights and/or duties under this Agreement by written notice to Financial Institution and Company and such assignment shall be effective as to Company and Financial Institution upon written notice to same.

(c) This Agreement may be executed in any number of several counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. A signature delivered by facsimile transmission or other electronic means shall be deemed the equivalent of an original signature for all purposes.

(d) This Agreement shall be governed by Federal law and the laws of the State of California.

(e) This Agreement may be amended only by a written instrument executed by Lender, Financial Institution, and Company acting by their respective duly authorized representatives.

(f) Company acknowledges that the agreements made by it and the

authorizations granted by it in this Agreement are irrevocable and that the authorizations granted in this Agreement are powers coupled with an interest.

(g) All amounts in the Deposit Account must be invested in securities or deposits issued or guaranteed or fully insured as to payment by the United States government or any agency thereof.

*[SIGNATURES ON FOLLOWING PAGES]*

In Witness Whereof, the parties hereto have executed this Agreement by their duly authorized officers as of the day and year first above written.

Anza Electric Cooperative, Inc.

**("Company")**

By: _____

Name: _____

Title: _____

Address for notices:

Attn:

United States of America
**("Lender")**

By: _____

Name: _____

Title: Administrator
Rural Utilities Service

Address for notices:
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, D.C. 20250-1500
Attn: Administrator
Or via electronic mail to:
RUSElectric@usda.gov

[Bank Name]

**("Financial Institution")**

By: _____

Name: _____

Title: _____

Address for notices:

Attn:

**Sample Exhibit A**

**NOTICE OF EXCLUSIVE CONTROL**

[Letterhead of Lender]

[Date]

[Bank's Name]
Attn:
[Bank's Address]

**Re: Deposit Account Number(s): xxxxxxxxx**
**Notice of Exclusive Control**

Ladies and Gentlemen:

Reference is made to the Deposit Account Control Agreement dated as of _____ (the "**Agreement"**) by and among (the **"Company"**), the **Rural Utilities Service** (as "**Lender")** and **First Security Bank** ("**Financial Institution**") regarding the above-described deposit account(s) (whether one or more, individually and collectively, the "**Deposit Account(s)"**). A copy of the Agreement is attached hereto.

In accordance with this Agreement, we hereby give you notice of our exercise of exclusive control over the Deposit Account, and we hereby instruct you to transfer collected and available funds to our account as follows:

| | |
|---|---|
| Financial Institution Name: | [Bank's Name] |
| Address: | [Address] |
| ABA Routing: | xxxxxxxxxx |
| Account No.: | xxxxxx |
| Reference: | xxxxx |

Very truly yours,

**Rural Utilities Service**
as Lender

By: _____
Name: _____
Title: _____

## Exhibit B Form of Deposit Account Control Agreement (DACA)

**U.S. Department of Agriculture**
Rural Utilities Services

RUS Project Designation:
**California 41 AC50 Riverside**

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**DEPOSIT ACCOUNT CONTROL AGREEMENT**
**For**
**Loan Funds Account**

This Deposit Account Control Agreement ("Agreement") is made and entered into as of _____, among Anza Electric Cooperative, Inc.("Company"); and the UNITED STATES OF AMERICA (the "Government"), acting by and through the Administrator (together with any person succeeding to the powers and rights of the Administrator with respect to this Agreement, the "Administrator"), of the Rural Utilities Service (together with any agency succeeding to the power and rights of the Rural Utilities Service with respect to this Agreement, the "RUS"), (acting as "Lender"); and [Bank's Name] ("Financial Institution") with respect to the following:

A. Pursuant to that certain Security Agreement and Financing Statement dated as of January 5, 2024, by and between Company and Lender (the "Security Agreement"), Company has agreed to provide certain collateral, including, without limitation, the Deposit Account (as defined herein), to Lender to secure the Loan and the Notes (both as defined in the Security Agreement). The Security Agreement has been executed in connection with a certain loan agreement (the "Loan Contract") being made by Lender to Company, which Loan is being made by the Rural Utilities Service pursuant to Section 6407 of the Farm Security and Rural Investment Act of 2002, as amended.

B. Company has established the following deposit account with Financial Institution(whether one *or more*, individually and collectively, the "Deposit Account"):

| Name in Which Account is Maintained | Branch in which Account is Maintained / Routing Number | Account Number |
|---|---|---|
| Loan Funds Account | xxxxxxx | xxxxxxx |

C. The parties hereto desire to enter into this Agreement in order to set forth their respective rights and obligations with respect to the Deposit Account and all funds on deposit therein from time to time and to perfect Lender's security interest in the Deposit Account.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements hereinafter set forth, the receipt and sufficiency of which are hereby acknowledged the parties agree as follows:

1. Effectiveness. This Agreement shall take effect immediately upon its execution by all parties hereto and shall supersede any deposit account control agreement, account opening agreement, account agreement, security agreement, or similar agreement in effect with respect to any Deposit Account.

2. Security Interest: Agency. As collateral security for Company's obligations to Lender under the Security Agreement and the other loan documents described therein, Company hereby grants to Lender a present and continuing security interest in (a) the Deposit Account, (b) all contract rights, claims and privileges in respect of the Deposit Account, and (c) all cash, checks, money orders and other items of value of Company now or hereafter paid, deposited, credited or held (whether for collection, provisionally or otherwise) to or in the Deposit Account or otherwise in the possession or under the control of, or in transit to, Financial Institution or any agent, bailee or custodian thereof for deposit in or credit to the Deposit Account and all proceeds of the foregoing (collectively, "Receipts"). Financial Institution acknowledges the security interests of Lender in the Deposit Account and Receipts and that this Agreement constitutes notice of such security interests and Financial Institution further acknowledges and agrees that it does not and shall not object to or contest the validity or first priority of Lender's security interests in such collateral.

3. Control of Deposit Account.

(a) Company and Financial Institution acknowledge and agree that Lender has control (as defined in Section 9-104 of the Uniform Commercial Code) of the Deposit Account.[1] Financial Institution will not permit the withdrawal or other disposition of any funds in the Deposit Account except as expressly provided in this Agreement.

(b) Until such time as Lender delivers a Notice of Exclusive Control (in form substantially the same as attached hereto as Exhibit A and incorporated herein by this reference) to Financial Institution, Financial Institution shall comply with instructions directing the withdrawal, payment, transfer or other disposition of funds in the Deposit Account ("Disposition Instructions") originated by Company which Company is entitled to give concerning the Deposit Account in accordance with the Loan Contract provided however, that the Financial Institution will not permit the Company to withdraw sums from the Deposit Account without the prior

[1] Pursuant to and in accordance with Section 9-104 of the Uniform Commercial Code, "control" by a secured party of a deposit account is effectuated, among other things, where the debtor, the secured party, and the Financial Institution with which the deposit account is maintained have agreed in an authenticated record that the Financial Institution will comply with instructions originated by the secured party directing disposition of the funds in the deposit account without further consent by the debtor, even if the debtor retains the right to direct the disposition of funds from the deposit account.

approval of the Lender if the credit balance remaining would be less than $100.00 or close the Deposit Account without the written approval of the Lender. Nothing in the foregoing shall, or shall be construed to, limit, impair, or otherwise adversely affect any of Lender's rights or remedies under the Security Agreement. A "Notice of Exclusive Control" is a written notice from Lender to Financial Institution that Lender is thereby exercising exclusive control over the Deposit Account and the funds therein; for an example, see Sample Exhibit A. Lender may, at any time deliver to Financial Institution a Notice of Exclusive Control.

(c) Within a reasonable time after Financial Institution receives a Notice of Exclusive Control in accordance with this Section 2, but in all events no later than three (3) business days after such receipt, and until the Lender has rescinded or withdrawn such Notice of Exclusive Control: (i) Financial Institution will comply solely with instructions originated by Lender with respect to the Deposit Account and any and all funds therein, including, without limitation, any stop payment orders for any items presented to the Deposit Account for payment, withdrawals from the Deposit Account or any other disposition thereof, without further consent by Company; (ii) Financial Institution will cease, without further consent of Company, complying with instructions concerning the Deposit Account or funds on deposit therein originated by Company or the representatives of Company; and (iii) Financial Institution will provide notice to Company of actions taken with respect to the Deposit Account. Without in any way limiting the foregoing, in the event of any dispute between Lender and Company, Financial Institution shall, in all circumstances after a Notice of Exclusive Control has been given, follow the directions of the Lender and shall not follow the directions of the Company.

(d) Lender is entitled to give a Notice of Exclusive Control and Financial Institution is obligated to follow the directions of Lender in respect of the Deposit Account, without any right or duty to inquire further.

(e) The Deposit Account will use Company's taxpayer identification number.

4. Fees. Company shall be responsible only for those usual and customary service charges, transfer fees, and account maintenance fees (collectively, "Fees") of Financial Institution in connection with the Deposit Account that would otherwise exist in the absence of this Agreement. Lender shall not have any responsibility or liability for the payment of any Fees.

5. Representations and Warranties. The Financial Institution represents and warrants to the Lender that the Financial Institution (i) is an organization engaged in the business of banking and is insured by the FDIC, (ii) maintains the Deposit Account as a demand deposit account(s) in the ordinary course of the Financial Institution's business and (iii) has not entered into any currently effective agreement with any person under which the Financial Institution may be obligated to comply with Disposition Instructions originated by a person other than the Company or the Lender with regard to the Deposit Account. The Financial Institution will not enter into any agreement with any person under which the Financial Institution may be obligated to comply with Disposition Instructions with regard to the Deposit Account originated by a person other than the Company or the Lender.

6. Setoff. Except for Fees of Financial Institution payable pursuant to Section 3 hereof, Financial Institution hereby agrees that Financial Institution will not exercise or claim any right of setoff or security interest or banker's lien against the Deposit Account or any Receipts on deposit therein, and Financial Institution hereby further waives any such right or lien that it may have against any Receipts deposited in the Deposit Account.

7. Limits of Financial Institution's Liability.

(a) Financial Institution will not be liable to Company (debtor) for any expense, claim, loss, damage or cost ("Damages") arising out of or relating to its performance under this Agreement other than those Damages which result directly from Financial Institution's acts or omissions constituting gross negligence or willful misconduct.

(b) Notwithstanding any of the other provisions in this Agreement, in the event of the commencement of a case pursuant to Title 11, United States Code, filed by or against Company, or in the event of the commencement of any similar case under then applicable federal or state law providing for the relief of debtors or the protection of creditors by or against Company, Financial Institution may act as Financial Institution deems necessary to comply with all applicable provisions of governing statutes and shall not be in violation of this Agreement as a result.

(c) Financial Institution shall be permitted to comply with any writ, levy order or other similar judicial or regulatory order or process concerning the Deposit Account and shall not be in violation of this Agreement for so doing.

8. Indemnity. Company will indemnify Financial Institution, its officers, directors, employees, and agents against claims, liabilities, damages, and expenses arising out of this Agreement or the Deposit Account including reasonable attorneys' fees and disbursements and the reasonable estimate of the allocated costs and expenses of in-house legal counsel and staff), except to the extent such claims, liabilities, or expenses are caused by Financial Institution's gross negligence or willful misconduct.

9. Termination. This Agreement may be terminated by Company only upon delivery to Financial Institution of a written notification jointly executed by Company and Lender. This Agreement may be terminated by Lender at any time, upon its delivery of written notice to Company and Financial Institution. This Agreement may be terminated by Financial Institution at any time on not less than 60 days' prior written notice delivered to Company and Lender. Upon delivery or receipt of such notice of termination by Financial Institution, and upon subsequent direction by the Lender, Financial Institution will immediately transmit to such deposit account as Lender may direct all funds, if any, then on deposit in the Deposit Account. Notwithstanding the foregoing, this Agreement shall terminate automatically upon payment in full of the Loan and the Notes.

10. Notices. Any notice or document required or permitted to be delivered hereunder shall be in writing and shall be effective upon (i) delivery, if personally delivered or sent by overnight courier, (ii) three business days after mailing, if mailed. All notices shall be personally

delivered, delivered by overnight courier or sent by United States Mail, postage prepaid, Certified or Registered Mail, addressed to the parties hereto at the respective addresses set forth on the signature pages, or at such other address as they have theretofore specified by written notice delivered in accordance herewith, or (iii) in the case of notice by electronic mail or by such a telecommunications device, upon transmission thereof, provided such transmission shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient. Any party hereto, at any time, by written notice given to the other in accordance with this Section, may designate a different address to which such communications shall thereafter be directed. Any notice issued or made by Lender to Financial Institution shall simultaneously be issued or made to Company. Any notice issued or made by Financial Institution shall simultaneously be issued or made to Company

11. Deposit Account Information. The Financial Institution will provide to the Lender, whether by Internet access, to the extent that the Financial Institution has the operational ability to do so, or otherwise, a copy of each periodic account statement relating to the Deposit Account ordinarily furnished by the Financial Institution to the Company. The Financial Institution's liability for failing to provide the account statement will not exceed the Financial Institution's cost of providing the statement. The Company authorizes the Financial Institution to provide to the Lender, whether by internet access or otherwise, any other information concerning the Deposit Account that the Financial Institution may agree to provide to the Lender at the Lender's request.

12. Miscellaneous.

(a) This Agreement shall be binding on and shall inure to the benefit of the parties and their respective successors and assigns, but neither Company nor Financial Institution shall be entitled to assign or delegate any of its rights and/or duties under this Agreement without mutual agreement of all of the parties.

(b) Lender may assign its rights and/or duties under this Agreement by written notice to Financial Institution and Company and such assignment shall be effective as to Company and Financial Institution upon written notice to same.

(c) This Agreement may be executed in any number of several counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. A signature delivered by facsimile transmission or other electronic means shall be deemed the equivalent of an original signature for all purposes.

(d) This Agreement shall be governed by Federal law and the laws of the State of California.

(e) This Agreement may be amended only by a written instrument executed by Lender, Financial Institution, and Company acting by their respective duly authorized representatives.

(f) Company acknowledges that the agreements made by it and the

authorizations granted by it in this Agreement are irrevocable and that the authorizations granted in this Agreement are powers coupled with an interest.

(g) All amounts in the Deposit Account must be invested in securities or deposits issued or guaranteed or fully insured as to payment by the United States government or any agency thereof.

*[SIGNATURES ON FOLLOWING PAGES]*

In Witness Whereof, the parties hereto have executed this Agreement by their duly authorized officers as of the day and year first above written.

Anza Electric Cooperative, Inc.

**("Company")**

By: _____

Name: _____

Title: _____

Address for notices:

Attn: Manager

United States of America
**("Lender")**

By: _____

Name: _____

Title: Administrator
Rural Utilities Service

Address for notices:
U.S. Department of Agriculture

1400 Independence Avenue, SW

Washington, D.C. 20250-1500

Attn: Administrator
Or via electronic mail to:
RUSElectric@usda.gov

[Bank's Name]

**("Financial Institution")**

By: _____

Name: _____

Title: _____

Address for notices:

Attn:

**Sample Exhibit A**

**NOTICE OF EXCLUSIVE CONTROL**

[Letterhead of Lender]

[Date]

[Bank Name]
Attn:
[Bank Address]

**Re: Deposit Account Number(s): xxxx**
**Notice of Exclusive Control**

Ladies and Gentlemen:

Reference is made to the Deposit Account Control Agreement dated as of _____ (the "**Agreement"**) by and among **[Borrower's Name]** (the **"Company"**), the **Rural Utilities Service** (as "**Lender")** and **[Bank's Name]** ("**Financial Institution**") regarding the above-described deposit account(s) (whether one or more, individually and collectively, the "**Deposit Account(s)"**). A copy of the Agreement is attached hereto.

In accordance with this Agreement, we hereby give you notice of our exercise of exclusive control over the Deposit Account, and we hereby instruct you to transfer collected and available funds to our account as follows:

| | |
|---|---|
| Financial Institution Name: | [Bank's Name] |
| Address: | [Address] |
| ABA Routing: | xxxxxxx |
| Account No.: | xxxxx |
| Reference: | _____ |

Very truly yours,

**Rural Utilities Service**
as Lender

By: _____
Name: _____
Title: _____

[DATE]

Administrator
Rural Utilities Service
U. S. Department of Agriculture
Room No. 0270 South; Stop 1568
1400 Independence Avenue, S.W.
Washington, D. C. 20250

Re: Irrevocable Letter of Credit
Anza Electric Cooperative, Inc.
RESP Loan: CA 41 AC50 Riverside
Letter of Credit Number: _____

Administrator:

We hereby authorize the United States of America, acting by and through the Administrator of the Rural Utilities Service (hereinafter ("RUS") to draw upon [NAME OF BANK] ("Bank") at our office located at _____, attention _____, for the account of Anza Electric Cooperative, Inc. (hereinafter "the Borrower") in favor of the United States of America, acting by and through the Administrator of RUS, for a sum including, but not limited to, any principal, interest, expenses, charges, costs and penalties due on the Rural Energy Savings Program (RESP) AC50 loan ("RESP AC50 Loan") as evidenced by the RESP Note ("RESP AC50 Note") dated January 5, 2024, for a zero-interest loan made in accordance with Section 6407 of the Farm Security and Rural Investment Act of 2002, as amended, in the principal amount of $250,000.00, executed by the Borrower and payable to the order of the United States of America, acting through RUS, however such sum to be drawn upon under this Letter of Credit shall not exceed $125,000.00. Such amount shall be available by drafts at sight on BANK bearing this letter of credit number and accompanied by the following documents sent to BANK:

1. This irrevocable letter of credit and all amendments thereto.

2. An affidavit executed and sworn by a duly authorized official of RUS (a) that payment is due and payable by the Borrower pursuant to the terms of the Borrower's RESPAC50 Loan with the United States of America, administered by RUS, (b) that the Borrower has not made such payment, (c) that RUS has made written demand upon the Borrower for payment, and (d) that payment pursuant thereto has not been received within five days of receipt of said demand.

3. A copy of the written demand described in 2(c) above.

This letter of credit shall be irrevocable and shall remain in full force and effect until payment of all in outstanding amounts due on the RESP AC50 Note. We hereby agree with you that drafts drawn under and in compliance with the terms of this letter of credit will be duly honored on due presentation to us. Partial and multiple drawings are permitted. Payment of any draft drawn under this letter of

credit in an amount less than the maximum amount available hereunder shall be recorded by us on the reverse side hereof and this letter of credit shall then be returned to you.

This letter of credit is subject to International Standby Practices (1998) I.C.C. Publication No. 590 ("ISP"). As to matters not governed by the ISP, this letter of credit is governed and construed in accordance with applicable federal law and the laws of the State of California, including Article 5 of the Uniform Commercial Code as adopted thereby.

Communications with respect to this letter of credit shall be in writing and shall be addressed to us at _____, attention LC Desk, and shall specifically refer to this letter of credit no. _____.

Very truly yours,

[BANK NAME}

By: _____

Title: _____

OPINION FORM FOR RESP—ADDRESSING PERSONAL PROPERTY, LETTER OF CREDIT AND DACAS
NO REAL PROPERTY

_____, 20____[1]

Administrator
Rural Utilities Service
U. S. Department of Agriculture
Washington, D. C. 20250-1500

Re: **Anza Electric Cooperative, Inc.**

Dear Sir or Madam:

We have examined the articles of incorporation[2] and bylaws of **Anza Electric Cooperative, Inc.** (hereinafter called the "Borrower"), now in effect. We have also examined all corporate proceedings of the Borrower relating to the adoption of the bylaws of the Borrower or any amendments to the bylaws or the articles of incorporation of the Borrower and the action taken by the Borrower, its members[2] and board of directors[2] in connection with the authorization of:

(a) the borrowing by the Borrower from the Rural Utilities Service (hereinafter called "RUS") of an amount not to exceed **$250,000**, as provided for in the loan contract (hereinafter called the "RUS Loan Contract"), dated as of **January 5, 2024**, between the Borrower and the United States of America (hereinafter called the "Government"), the Government, acting through the Administrator of RUS; and

(b) the execution and delivery by the Borrower of (1) the RUS Loan Contract, (2) the note (hereinafter called the "RUS Note") dated **January 5, 2024**, in the principal amount of **$250,000**, payable to the order of RUS, (3), the Security Agreement and Financing Statement (hereinafter called the "Security Agreement"), dated as of **January 5, 2024,** made by and among and the Borrower and RUS, (4) two Deposit Account Control Agreements dated as of _____[add identification number(s) if any] by and among, the Borrower, the Government and _____(hereinafter called the DACAs), (5) the UCC-1 and UCC-1AD with attachments (hereinafter called the "UCC-1"); (6) the Letter of Credit as further described in Schedule 1 of the Loan Contract ("Letter of Credit").

We have also examined all corporate proceedings of the Borrower relating to the election of the directors and officers holding office at the time the above-mentioned corporate proceedings occurred.

We have also examined the following documents as executed and delivered: the RUS Loan Contract, RUS Note, Security Agreement, DACAs, UCC-1 and Letter of Credit.

We have also examined, or caused to be examined by competent and trustworthy persons, the records and files of all offices in which there might be recorded, filed or indexed any liens of any nature whatsoever affecting the title to any Pledged Property as that term is defined in the Security Agreement.

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[1]The date of this opinion should be later than the date of authorization, execution and recordation.

[2]If "certificate of incorporation" or other term is more correct, substitute such term for "articles of incorporation" throughout the opinion. If the Borrower is a stock corporation, substitute "stockholders" for "members" throughout. If the Borrower has trustees instead of directors, substitute "trustees" for "directors" throughout.

We have supervised, or examined, or caused to be examined by competent and trustworthy persons, the filing of the Security Agreement as a financing statement with the _____[3] in order to perfect a security interest in personal property as well as fixtures [delete fixtures if inapplicable].

We are of the opinion that:

(a) the Borrower is a duly organized and existing corporation in good standing under the laws of the State of Arkansas; its bylaws have been duly adopted and its articles of incorporation and bylaws in the form last submitted by the Borrower to the Government are now in effect,[4] and the Borrower has corporate power: (1) to execute and deliver the RUS Note, the Loan Contract, the Security Agreement, the DACAs and the Letter of Credit ; (2) to perform all acts required to be done by it under the RUS Loan Contract, the DACAs, the Letter of Credit and the Security Agreement; and (3) to own, operate and maintain the Pledged Property as such term is defined in the Security Agreement;

(b) all proceedings of the Borrower, its members and board of directors, necessary to be taken in connection with the authorizations specified in the first paragraph hereof have been duly taken and all such authorizations are presently in effect;

(c) no authorizations from any regulatory bodies in connection with the execution and delivery of the RUS Loan Contract, RUS Note, Security Agreement, the Letter of Credit or the DACAs are required;

(d) the RUS Loan Contract has been duly executed and delivered by the Borrower in accordance with the authorizations thereof mentioned above and is the valid and binding obligation of the Borrower in accordance with its terms (except as such enforcement may be limited by: (1) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws in effect at the time affecting creditors' rights generally and (2) applicable laws and equitable principles with respect to or affecting the availability of remedies provided for therein, however, in our opinion neither (1) nor (2) will limit the practical realization of the benefits or the security intended to be provided thereby);

(e) the RUS Note has been duly executed and have been delivered by the Borrower to the Government in accordance with the authorizations thereof mentioned above and are the valid obligation of the Borrower in accordance with their terms and are validly secured by the Security Agreement (except as such enforcement may be limited by: (1) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws in effect at the time affecting creditors' rights generally and (2) applicable laws and equitable principles with respect to or affecting the availability of remedies provided for therein, however, in our opinion neither (1) nor (2) will limit the practical realization of the benefits or the security intended to be provided thereby);

(f) the Security Agreement has been duly executed and delivered by the Borrower in accordance with the authorizations thereof mentioned above and is the valid obligation of the Borrower in accordance with its terms (except as such enforcement may be limited by: (1) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws in effect at the time affecting creditors' rights generally and (2) applicable laws and equitable principles with respect to or affecting the availability of remedies provided for therein, however, in our opinion neither (1) nor (2) will limit the practical realization of the benefits or the security intended to be provided thereby);

(g) the DACAs have been duly executed and delivered by the Borrower in accordance with the authorizations thereof mentioned above and is the valid obligation of the Borrower in accordance with its terms (except as such enforcement may be limited by: (1) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws in effect at the time affecting creditors' rights generally and (2) applicable laws and equitable principles with respect to or affecting the availability of remedies

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[5]If any legal proceedings which affect the Borrower or any of its property are pending, attach a description thereof to this opinion, and add the following after the reference to this footnote: "except the legal proceedings referred to in the statement attached hereto."

provided for therein, however, in our opinion neither (1) nor (2) will limit the practical realization of the benefits or the security intended to be provided thereby);

(h) the Letter of Credit has been duly executed and delivered by the Borrower in accordance with the authorizations thereof mentioned above and is the valid obligation of the Borrower in accordance with its terms (except as such enforcement may be limited by: (1) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws in effect at the time affecting creditors' rights generally and (2) applicable laws and equitable principles with respect to or affecting the availability of remedies provided for therein, however, in our opinion neither (1) nor (2) will limit the practical realization of the benefits or the security intended to be provided thereby);

(i) no legal proceedings have been instituted or are pending to which the Borrower is a party or which affect the Borrower or any of its property[5] and there are no judgments against the Borrower and no liens against any of the Pledged Property of the Borrower, as such term is defined in the Security Agreement;

(j) the Security Agreement has been duly and filed to constitute the financing statement on the Pledged Property therein described, and a UCC-1 and UCC-1AD with attachments has been duly filed as a financing statement to perfect a first lien upon the accounts and revenues of the Borrower as well as all other Pledged Property, including, without limitation, all such property of the Borrower acquired after the date of the delivery of the Security Agreement, including property which may be hereafter acquired; and

(k) the several advances provided for in the RUS Loan Contract, when made or caused to be made by RUS to the Borrower, will be duly secured by the Security Agreement as a validly filed first lien upon the Pledged Property referred to in paragraph (h) hereof without necessity for further act by or on behalf of the Government.

Very truly yours,

[5]If any legal proceedings which affect the Borrower or any of its property are pending, attach a description thereof to this opinion, and add the following after the reference to this footnote: "except the legal proceedings referred to in the statement attached hereto."

RUS Electric RESP Note
Zero Interest

PROJECT DESIGNATION:

**California 41 AC50 Riverside**

NOTE

made by

**Anza Electric Cooperative, Inc**.

to

UNITED STATES OF AMERICA

**NOTE**

Anza, California
**January 5, 2024**

Final Maturity Date: **January 5, 2044**

1. Amount**. Anza Electric Cooperative, Inc**. (hereinafter called the "Borrower"), a corporation organized and existing under the laws of the State of Arkansas, for value received, promises to pay to the order of the UNITED STATES OF AMERICA (hereinafter called the "Government"), acting through the Administrator of the Rural Utilities Service (hereinafter called the "Administrator"), at the United States Treasury, Washington, D.C., at the times and in the manner hereinafter provided, such sums as may be advanced from time to time, not to exceed **TWO HUNDRED FIFTY THOUSAND DOLLARS AND NO CENTS ($250,000.00)**, with interest payable from the date of each advance ("Advance") on the unpaid principal balance remaining unpaid from time to time, at the rate of zero percent (0%) per annum.

2. Fund Advance Period. Funds will be advanced under this Note pursuant to this Note and a loan contract dated as of **January 5, 2024**, between the Borrower and the Government as it may be amended from time to time (the "Loan Contract"). The fund advance period for this Note begins on the date of this Note and terminates **ten (10) years** from the date of this Note (the "Termination Date"), but in no event may an Advance be made hereunder that would result in an Advance contrary to the Anti-deficiency Act, 31 U.S.C. §1341.

3. Advances. Except as provided in Paragraph 4, any Advance of loan funds to the Borrower shall be made pursuant to the terms of this Note and the Loan Contract shall not exceed 50 percent of the approved loan amount (as set forth in the Loan Contract and hereinafter "Loan Amount") in any consecutive 12-month period, and shall be amortized for a period not to exceed 10 years. Each payment for each Advance shall be made payable monthly on the last day of each month (the "Monthly Payment Date") beginning on the Monthly Payment Date following the first month after each Advance of principal. Thereafter, to and including a date not more than 10 years after the date of each Advance (the "Amortization Period"), the Borrower shall make a monthly payment ("Monthly Payment") on each Monthly Payment Date in each year and each payment shall be (a) substantially equal to all subsequent Monthly Payments and (b) in an amount that will pay all principal on the Advance no later than the Monthly Payment Date in the last month of the Amortization Period; however, in no event shall any amounts remain outstanding after the Final Maturity Date.

4. Special Advance. Pursuant to this Note and the Loan Contract, the Borrower may request a Special Advance, as defined in the Loan Contract, in an amount which shall not exceed 4 percent of the Loan Amount. Terms for the Special Advance will be as agreed to by the Government and as outlined in the Loan Contract, but No Special Advance may be made more than 10 years after the date of this Note. Repayment of the Special Advance may be deferred in full to the end of the Amortization Period for the Special Advance, but all principal on the Advance must be paid no later than the final Monthly Payment Date of the Amortization Period for the Special Advance and in no event no later than the Final Maturity Date.

5. Final Maturity Date. Notwithstanding anything in this Note or the Loan Contract to the contrary, all amounts outstanding under this Note remaining unpaid as of the Final Maturity Date shall be due and payable on the Final Maturity Date.

6. Prepayment. The Borrower on any Monthly Payment Date, as hereinabove provided, may pay all or any part of the principal hereof then advanced pursuant to the Loan Contract and remaining unpaid, but so long as any of the principal hereof advanced pursuant to the Loan Contract shall remain unpaid, the Borrower shall be obligated to make the Monthly Payment on account of principal, in the amount hereinabove provided, unless the Borrower and the holder of this Note shall otherwise agree. The Borrower may pay the principal amount of this Note in full at any time on a Monthly Payment Date without penalty by paying the full face amount of this Note to the Government.

7. Late Payments. A late charge shall be charged on any payment not made within five (5) days of the date the payment becomes due. The late charge rate shall be computed on the payment from the due date at a rate equal to the rate of the cost of funds to the United States Treasury as prescribed and published by the Secretary of the Treasury. In addition, the Borrower shall pay administrative costs and penalty charges assessed in accordance with

applicable Government regulations. Acceptance by the Government of a late payment shall not be deemed to be a waiver of any right or remedy of the Government.

8. Security. This Note has been executed and delivered pursuant to and is secured by a certain security instrument, as defined in the Loan Contract, as the same may have been amended or supplemented by any supplemental security instrument or supplemental mortgages and security instruments (said security instrument and any such supplemental mortgage(s) and security instrument(s) being hereinafter collectively called the "Security Agreement"), and may be one of several notes (the "Notes") permitted to be executed and delivered by the Borrower pursuant to the Security Agreement. The Security Agreement provides that all Notes shall be equally and ratably secured thereby and reference is hereby made to the Security Agreement for the terms regarding the security and the rights of the holders of Notes with respect thereto.

9. Default and Acceleration. In case of default by the Borrower under this Note, the Loan Contract or Security Agreement, as provided in these loan documents, all principal advanced pursuant to this Note and the Loan Contract and remaining unpaid on this Note and any other Notes at the time outstanding, and any other amounts due thereon by the Borrower, may be declared or may become due and payable in the manner and with the effect provided in the Security Agreement.

10. Noteholder. This Note evidences indebtedness created by a loan made by the Government under Section 6407 of the Farm Security and Rural Investment Act of 2002, as amended. If the Government shall at any time assign this Note and insure the payment hereof, the Borrower shall continue to make payments hereunder to the Government as collection agent for the insured holder, and, for purposes of the Security Agreement, the Government, and not such insured holder, shall be considered to be, and shall have the rights of, the noteholder.

11. Additional Notes. If the Government, at any time prior to the advance of the entire principal amount hereof on account of this Note, shall make a written endorsement hereon stating the amount advanced on account of the principal hereof, and shall notify the Borrower, in writing, of such endorsement, then the principal amount of this Note shall be deemed to be and shall become reduced to the amount specified in such endorsement, and the Borrower shall then execute and deliver to the Government one or more additional notes, in an amount or amounts designated by the Government which in the aggregate shall be equal to the then unadvanced portion of the original principal amount of this Note, such additional notes to be dated the date of execution, to be in substantially the same form, and to bear the same interest rate, as this Note. The Borrower, upon the request therefor in writing by the Government, shall execute and deliver to the Government two or more notes, in substitution for this Note, in substantially the same form and bearing the same interest rate and date (except that any such substitute note which will evidence only an unadvanced portion of this Note may, at the discretion of the Government, be dated the date of execution), in an aggregate principal amount which shall be equal to the principal amount of this Note, but in such individual principal amounts as the Government shall request; provided that (i) all payments which shall have been made on account of the principal of and interest on this Note shall be credited on account of such substitute notes and (ii) the Government shall return this Note to the Borrower upon receipt and acceptance of such substitute notes.

12. References to Regulations. References in this Note to specific Government published notices, rules or regulations will apply to corresponding provisions in future versions of such notices, rules or regulations.

13. Terms of Note Control. In the event of a conflict between the terms of this Note and the terms of the Loan Contract, the terms of this Note control.

IN WITNESS WHEREOF, the Borrower has caused this Note to be signed in its corporate or legal name and its corporate or legal seal, if any, to be hereunto affixed and attested by its officers thereunto duly authorized, all as of the day and year first above written.

**ANZA ELECTRIC COOPERATIVE, INC.**

(Seal)

By:

Title:

Attest:

By:

Title:

RUS PROJECT DESIGNATION:
California 0041 “AC50” Riverside

# LOAN CONTRACT

An Agreement Made by And Between

**Anza Electric Cooperative, Inc.**
Borrower

And

**UNITED STATES OF AMERICA,**
as Lender

**Dated as of January 5, 2024**

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

# LOAN CONTRACT

This **LOAN CONTRACT**, dated as of **January 5, 2024** ("this Loan Contract"), is by and between **ANZA ELECTRIC COOPERATIVE, INC.** (together with any successors and assigns, the "Borrower"), a corporation organized and existing under the laws of the State of California (hereinafter called the "State"), and the **UNITED STATES OF AMERICA** (the "Government"), acting by and through the Administrator (together with any person succeeding to the powers and rights of the Administrator with respect to this Agreement, the "Administrator"), of the Rural Utilities Service (together with any agency succeeding to the power and rights of the Rural Utilities Service with respect to this Loan Contract, the "RUS").

## RECITALS

WHEREAS, in order to provide loans to qualified consumers for the purpose of implementing Energy Efficiency Measures, the Borrower has applied to RUS for financial assistance under the Rural Energy Savings Program ("RESP") pursuant the applicable regulations (7 CFR Part 1719) and related funding notices published in the Federal Register (the "RESP Regulations");

WHEREAS, RUS is willing to extend financial assistance to the Borrower pursuant to Section 6407 of the Farm Security and Rural Investment Act of 2002, as amended, on the terms and conditions stated herein; and

WHEREAS, to secure the Note (defined herein) and certain other indebtedness, the Borrower has entered into that certain Security Agreement and Financing Statement (as defined below),

**NOW, THEREFORE**, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree and bind themselves as follows:

## ARTICLE I

## DEFINITIONS

The terms defined herein include the plural as well as the singular and the singular as well as the plural. Terms that are not defined herein shall have the meanings as set forth in the RESP Regulations. Accounting terms not referred defined below are used in this Agreement in their ordinary sense and any computations relating to such terms shall be computed in accordance with the Accounting Requirements.

***Accounting Requirements*** shall mean those accounting requirements set forth in Section 5.25.
***Act*** shall mean Section 6407 of the Farm Security and Rural Investment Act of 2002, as amended (7 U.S.C. § 8107a).

***Advance* or *Advances*** shall mean advances of Loan funds to the Borrower which have been made or approved by RUS pursuant to the terms and conditions of this Agreement.

***Agreement*** shall mean this Loan Contract, together with any and all schedules, exhibits and appendices and also any subsequent amendments, supplements, restatements or consolidations hereto or thereto.

***Business Day*** shall mean any day that the RUS is open for business.

***Debt Service Coverage Ratio ("DSC")*** shall mean the financial ratio determined as follows:

For each calendar year:

1.) Add:

(i) Total Margins or Net Income of the Borrower,

(ii) Interest Charges on Total Long Term Debt of the Borrower (as applicable) and

(iii) Principal Payments received from Qualified Applicants on RESP Loans

(iv) Depreciation and Amortization Expense of the Borrower,

2.) And divide the total so obtained by an amount equal to the sum of all payments of principal and applicable interest required to be made on account of Total Long-Term Debt during such calendar year.

((Total Margins or Net Income) + Interest Charges on Long Term Debt + Principal Payments received on RESP Loans as a result of relending activity + Depreciation and Amortization Expense) / (Total Debt Service Billed).

***Depreciation and Amortization Expense*** shall mean an amount constituting the depreciation and amortization of the Borrower as computed in accordance with Generally Accepted Accounting Principles (GAAP).

***Energy Efficiency Measures*** shall mean structural improvements and investments in cost-effective, commercially available technologies to increase energy efficiency for or at property served by the Borrower, as previously approved by RUS for funding pursuant to the Loan Commitment Letter. The improvements and investments must be for the purpose of decreasing Qualified Consumers' energy usage or costs.

***Energy Efficiency Program*** shall mean a program set up by a Borrower to provide financing to Qualified Consumers so that they can reduce their energy use or costs by implementing Energy Efficiency Measures.

***Equity*** shall mean the aggregate of the Total Margins and Equities.

***Event of Default*** shall have the meaning as defined in Section 7.1.

***Final Maturity Date*** shall have the meaning as set forth in the Note.

***Financial and Operating Report*** shall mean the report specified in Section 5.23 concerning the financial condition or operations of the Borrower.

***Financial Ratio Requirements*** shall have the meaning as defined in Section 5.20 and Schedule 1.

***General Manager*** shall mean the President of the Borrower or the person performing the duties of a chief executive officer if no person holds such title and, in the event of any dispute between the Borrower and the Government as to who is the General Manager, the Administrator may designate a person or position that shall be the General Manager for the purposes of this Agreement.

***Independent*** when used with respect to any specified person or entity means such a person or entity who (1) is in fact independent, (2) does not have any direct financial interests or any material indirect financial interest in the Borrower or in any affiliate of the Borrower and (3) is not connected with the Borrower as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

***Interest Charged on Long Term Debt*** shall mean an amount constituting the interest expense of the Borrower as computed in accordance with Generally Accepted Accounting Principles (GAAP).

***Laws*** shall have the meaning defined in Section 2.1(e).

***Loan Commitment Letter*** shall mean that letter dated as of the date referenced on Schedule 1 and notifying the Borrower of the RUS Commitment.

***Loan Documents*** shall mean, collectively, this Agreement, the Security Agreement, the Note and any other related loan documents or documents required by RUS for closing the Loan.

***Loan*** shall mean, collectively, the loan or loans and other obligations described in Article III which are being made pursuant to the RUS Commitment in furtherance of the objectives of the Act.

***Multi-Tier Agreement*** shall mean the Multi-Tier Action Environmental Compliance Agreement submitted with the loan application and dated as of the date specified in Schedule 1 executed by the Borrower.

***Note*** shall mean the promissory note, payable to RUS, executed and delivered to RUS, to evidence the Borrower's obligation to repay the Loan and all amendments, supplements, substitutions, extensions and replacements to, of or for such Note.

***Performance Report*** shall mean the report specified in Section 5.24 for the purpose of measuring and verifying the performance of the Energy Efficiency Measures.

***Pledged Property*** shall have the meaning as defined in the Security Agreement.

***Principal Payments Received on RESP Loans*** shall mean those payments of principal from Qualified Consumers as a result of relending activity from the Energy Efficiency Program.

***Qualified Consumer*** means a consumer served by the Borrower that has the ability to repay a loan made by the Borrower under an Energy Efficiency Program, as outlined in the RESP Regulations.

***RE Act*** shall mean the Rural Electrification Act of 1936, as amended (7 U.S.C. 901 §§ *et seq*).

***RUS Commitment*** shall mean the commitment by RUS for a Loan in the amount as reflected on Schedule 1.

***RUS Loans*** shall mean any loans made or guaranteed pursuant to the RE Act.

***RUS Regulations*** shall mean the RESP Regulations and other applicable regulations published by RUS from time to time as they exist at the date of applicability thereof, and shall also include any regulations of other federal entities which RUS is required by law to implement.

***Security Agreement*** shall mean the Security Agreement and Financing Statement, dated as of the date specified in Schedule 1 by and between the Borrower and the Government, as it may supplemented, amended, consolidated, or restated from time to time.

***Special Advance*** means an advance, in the amount stated on Schedule 1, not to exceed four percent (4%) of the RUS Commitment to defray the startup costs of establishing a new Energy Efficiency Program or modifying existing programs to carry out the purposes of the Act.

***Special Construction Account*** shall have the meaning as defined in Section 5.9 and is also known as the Loan Fund Account.

***Total Long-Term Debt shall mean the total outstanding long-term debt of the Borrower as computed pursuant to Accounting Requirements.***

***Total Margins and Equities*** shall mean an amount constituting the Total Margins and Equities of the Borrower determined in accordance with Accounting Requirements and reported on the Financial and Operating Report.

***Total Margins or Net Income*** shall mean an amount constituting the total margins or net income of the Borrower as computed in accordance with Generally Accepted Accounting Principles (GAAP).

***Total Utility Plant*** shall mean the amount constituting the total utility (gross) plant of the Borrower computed in accordance with Accounting Requirements.

## ARTICLE II

## REPRESENTATIONS AND WARRANTIES

**Section 2.1. Representations and Warranties**.

To induce RUS to make the Loan, and recognizing that RUS is relying hereon, the Borrower represents and warrants as follows:

(a) Organization; Power, Etc. The Borrower: (i) is duly organized, validly existing, and in good standing under the laws of its state of incorporation; (ii) is duly qualified to do business and is in good standing in each jurisdiction in which the transaction of its business makes such qualification necessary; (iii) has all requisite organizational and legal power to own and operate its assets and to carry on its business and to enter into and perform the Loan Documents; (iv) has duly and lawfully obtained and maintained all licenses, certificates, permits, authorizations, approvals, and the like which are material to the conduct of its business or which may be otherwise required by law; and (v) is eligible to obtain the financial assistance from RUS contemplated by this Agreement.

(b) Authority. The execution, delivery and performance by the Borrower of this Agreement and the other Loan Documents and the performance of the transactions contemplated hereby and thereby have been duly authorized by all necessary organizational action and shall not violate any provision of law or of the Articles of Incorporation or by-laws of the Borrower or result in a breach of, or constitute a default under, any agreement, indenture or other instrument to which the Borrower is a party or by which it may be bound.

(c) Consents. No consent, permission, authorization, order, or license of any governmental authority is necessary in connection with the execution, delivery, performance, or enforcement of the Loan Documents, except such as have been obtained and are in full force and effect.

(d) Binding Agreement. Each of the Loan Documents is, or when executed and delivered shall be, the legal, valid, and binding obligation of the Borrower, enforceable in accordance with its terms, subject only to limitations on enforceability imposed by applicable bankruptcy, insolvency,

reorganization, moratorium, or similar laws affecting creditors' rights generally.

(e) Compliance with Laws. The Borrower is in compliance in all material respects with all federal, state, and local laws, rules, regulations, ordinances, codes, and orders (hereinafter collectively called "Laws"), the failure to comply with which could, or is likely to have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of the Borrower, or on the ability of the Borrower to perform its obligations under the Loan Documents, except as the Borrower has disclosed to RUS in writing.

(f) Litigation. There are no pending legal, arbitration, or governmental actions or proceedings to which the Borrower is a party or to which any of its property is subject which, if adversely determined, could have a material adverse effect on the condition, financial or otherwise, operations, properties, profits or business of the Borrower, or on the ability of the Borrower to perform its obligations under the Loan Documents, and to the best of the Borrower's knowledge, no such actions or proceedings are threatened or contemplated, except as the Borrower has disclosed to RUS in writing.

(g) Title to Property. As to property which is presently included in the description of Pledged Property, the Borrower holds good and marketable title to all of its real property and owns all of its personal property free and clear of any lien except Permitted Encumbrances or liens permitted under the Security Agreement.

(h) Statements in Application; No Material Adverse Change; Etc. All statements submitted to RUS in connection with the Loan or in connection with this Agreement fairly and fully present the condition of the Borrower and the results of the Borrower's operations for the periods covered thereby and the financial statements are prepared in accordance with Accounting Requirements consistently applied. Since the dates thereof, there has been no material adverse change in the financial condition or operations of the Borrower.

(i) Principal Place of Business; Records. The principal place of business and chief executive office of the Borrower is at the address of the Borrower shown on Schedule 1.

(j) Location of Properties. All property owned by the Borrower is located in the Counties in the States as listed on Schedule 1..

(k) Subsidiaries. The Borrower has no subsidiaries, except as listed on Schedule 1.

(l) Defaults Under Other Agreements. The Borrower is not in default under any agreement or instrument to which it is a party or under which any of its properties are subject that is material to its financial condition, operations, properties, profits, or business.

**Section 2.2. Survival.**

All representations and warranties made by the Borrower herein or made in any certificate delivered pursuant hereto shall survive the making of the Advances and the execution and delivery to RUS of the Note.

## ARTICLE III

## LOANS

**Section 3.1. Advances**.

RUS agrees to make, and the Borrower agrees to request, on the terms and conditions of this Agreement, Advances from time to time in an aggregate principal amount not to exceed the RUS Commitment. On the termination date as reflected in the Note, RUS may stop advancing funds and limit the RUS Commitment to the amount advanced prior to such date. However, under no circumstances shall RUS ever make an advance under the Note, regardless of the applicable Last Day for an Advance (as identified in the Note) or any extension by the Administrator, if such advance would result in RUS obligating or permitting advances of the Loan contrary to the Antideficiency Act, 31 U.S.C. § 1341. The Fiscal Year of Obligation of the Note is identified in Schedule 1 hereto.

**Section 3.2. Special Advance**.

The Borrower has requested a Special Advance and RUS agrees to make, on the terms and conditions of this Agreement, the applicable Regulations, and the Act, a Special Advance in an aggregate principal amount reflected on Schedule 1. The repayment of the Special Advance will be within the period reflected in the Note which in no event will extend past the 10-year period beginning on the date on which the Special Advance is made or the Final Maturity Date as defined in the Note.

**Section 3.3. Interest Rate and Payment**.

The Note shall be payable and bear interest as follows:

(a) Payments and Amortization. Principal shall be amortized in accordance with the method more fully described in the form of Note.

(b) Application of Payments. All payments which the Borrower sends to RUS on any outstanding obligation owed to RUS shall be applied in the manner provided in the Loan Documents to which such payments relate and in a manner consistent with RUS policies, practices, and procedures for obligations that have been similarly classified by RUS.

(c) Electronic Funds Transfer. Except as otherwise prescribed by RUS, the Borrower shall make all payments on the Note utilizing electronic funds transfer procedures as specified by RUS.

(d) Zero Percent Interest Rate. The Note shall bear interest at a zero percent (0%) interest rate in accordance with the Note.

**Section 3.4. Prepayment**.

The Borrower has no right to prepay the Note in whole or in part except such rights, if any, as are expressly provided for in the Note.

**Section 3.5. Loan Purposes**.

The proceeds of the Loan shall be used to finance loans to Qualified Consumers for the purpose of implementing an Energy Efficiency Program as provided in the Act and the RUS Regulations.

**Section 3.6. Limitation on Advances under the RESP Program.**

The collective amount of all Advances in a single year must not exceed 50 percent of the RUS Commitment. If any loan funds received under the RUS Commitment are not loaned by the Borrower to Qualified Consumers within one year as provided in Section 5.18 of this Agreement, the Borrower will not be eligible to receive further Advances under the RUS Commitment until providing evidence, satisfactory to RUS, that the loan funds from a previous Advance have been fully loaned to Qualified Consumers or returned to RUS as a payment on outstanding debt.

## ARTICLE IV

## CONDITIONS OF LENDING

**Section 4.1. General Conditions for Initial Advance**.

The obligation of RUS to approve and make the initial Advance under the Note is subject to satisfaction of each of the following conditions precedent on or before the date of such Advance:

(a) Legal Matters. That all legal matters incident to the consummation of the transactions hereby contemplated shall be satisfactory to counsel for RUS.

(b) Loan Documents. That RUS receive duly executed originals of this Agreement and the other Loan Documents.

(c) Authorization. That RUS receive evidence satisfactory to it that all institutional documents and proceedings of the Borrower necessary for duly authorizing the execution, delivery and performance of the Loan Documents have been obtained and are in full force and effect.

(d) Approvals. That RUS receive evidence satisfactory to it that all consents and approvals (including without limitation the consents referred to in Section 2.1(c) of this Agreement) which are necessary for, or required as a condition of, the validity and enforceability of each of the Loan Documents have been obtained and are in full force and effect.

(e) Event of Default. That no Event of Default specified in Article VII and no event which, with the lapse of time or the notice and lapse of time specified in Article VII would become such an Event of Default, shall have occurred and be continuing, or shall have occurred after giving effect to the Loans or RUS Loans on the books of the Borrower.

(f) Continuing Representations and Warranties. That the representations and warranties of the Borrower contained in this Agreement be true and correct on and as of the date of such assumption as though made on and as of such date.

(g) Opinion of Counsel. That RUS receive an opinion of counsel (who shall be acceptable to RUS) for the Borrower in form and content acceptable to RUS.

(h) Filing of Security Agreement and related Security Documents. That the Security Agreement and other instruments of further assurance, including all financing statements covering security interests in personal property, are recorded, registered and filed, all in such manner and in such places as may be required by law to fully preserve and protect the rights of RUS under the Security Agreement to all property comprising Pledged Property, including after acquired property, and such other places as RUS shall have requested,

all in accordance with applicable law, and the Borrower shall have caused satisfactory evidence thereof to be furnished to RUS.

(i) Requisitions. That the Borrower shall requisition all Advances by submitting its requisition to RUS in form and substance satisfactory to RUS. Requisitions shall be made only for the purpose(s) set forth herein. The Borrower agrees to apply the proceeds of the Advances in accordance with its loan application with such modifications as may be mutually agreed.

**Section 4.2. Special Conditions for Initial Advance.**

The obligation of RUS to make the initial Advance under the Note is subject to satisfaction of each of the conditions precedent on or before the date of such Advance, as set forth in Schedule 1 attached hereto.

**Section 4.3. Conditions for Advances under the RESP Program.**

The obligation of RUS to approve and make any Advance under the Note is subject to the Borrower having provided evidence to RUS, in form and substance satisfactory to RUS, that each of the following conditions precedent have been met on or before the date of such Advance:

A.) The Borrower has adopted written procedures for the Borrower's Energy Efficiency Program that will 1.) Minimize the time elapsing between the transfer of the loan funds from RUS and their disbursement to the Qualified Consumer; and 2.) The requests for Advances made by the Borrower are limited to the minimum amounts needed and timed to be in accordance with the actual immediate cash needs to carry out the Energy Efficiency Measures.

B.) Each loan made by the Borrower under its Energy Efficiency Program to a Qualified Consumer may not exceed a term of 10 years.

C.) Funds from the RUS Commitment must not be used to finance the purchase or modification of personal property unless the personal property is or becomes attached to real property (including a manufactured home) as a fixture.

D.) The RESP loan funds only finance such Energy Efficiency Measures outlined in the implementation work plan submitted with the loan application and in compliance with the Multi-Tier Agreement as provided in Section 5.3.

E.) The Borrower has adopted adequate processes, procedures and methods for recordkeeping and will not commingle loan funds with other sources of funding in the implementation of a Qualified Consumer relending program.

F.) Except for any Special Advance, the Borrower has provided evidence, in form and substance satisfactory to RUS that it has relent all loan funds from all previous Advances to the Qualified Consumers or has returned such loan funds to RUS.

## ARTICLE V

## AFFIRMATIVE COVENANTS

**Section 5.1. Generally**.

Unless otherwise agreed to in writing by RUS, while this Agreement is in effect, the Borrower agrees to duly observe each of the affirmative covenants contained in this Article V.

**Section 5.2. Annual Certificates.**

(a) Performance under Loan Documents. The Borrower shall duly observe and perform all of its obligations under each of the Loan Documents.

(b) Annual Certification. If requested by RUS, within ninety (90) days after the close of each calendar year, commencing with the year following the year in which the Loans hereunder shall have been made, the Borrower shall deliver to RUS a written statement signed by its General Manager, stating that during such year the Borrower has fulfilled all of its obligations under the Loan Documents in all material respects. If there has been a default in the fulfillment of any such obligations, the Borrower shall deliver to RUS a written statement signed by its General Manager within 30 days of such default or defaults specifying each such default known to said person and the nature and status thereof.

**Section 5.3. Environment.**

The Borrower shall comply with all terms and conditions set forth in the Multi-Tier Agreement and all other applicable environmental requirements imposed by federal or state statutes or regulations. In addition to the Remedies available under this Agreement, failure by the Borrower to meet the requirements set forth in the Multi-Tier Agreement and the applicable regulations will result in the penalties outlined in the Multi-Tier Agreement and the applicable regulations.

**Section 5.4. Property Maintenance.**

The Borrower shall operate, maintain and preserve the Pledged Property in compliance with the provisions of the Security Agreement and RUS Regulations and in all material respects with all applicable Laws.

**Section 5.5. Financial Books.**

The Borrower shall at all times keep, and safely preserve, proper books, records and accounts in which full and true entries shall be made of all of the dealings, business and affairs of the Borrower and its Subsidiaries, in accordance with any applicable Accounting Requirements.

**Section 5.6. Rights of Inspection.**

The Borrower shall afford RUS, through its representatives, reasonable opportunity, at all times during business hours and upon prior notice, to have access to and the right to inspect the Borrower's system, any other property encumbered by the Security Agreement, and any or all books, records, accounts, including electronic mail messages, regardless of the physical form or characteristics, and any and all invoices, contracts, leases, payrolls, canceled checks, statements and other documents and papers of every kind belonging to, controlled by, or in the possession of the Borrower or in any way pertaining to its property or business, including its Subsidiaries, if any, and to make copies or extracts therefrom.

**Section 5.7. Nondiscrimination.**

(a) Equal Opportunity Provisions in Construction Contracts. The Borrower shall incorporate or cause to be incorporated into any construction contract, as defined in Executive Order 11246 of September 24, 1965 and implementing regulations, which is paid for in whole or in part with funds obtained from RUS or borrowed on the credit of the United States pursuant to a grant, contract, loan, insurance or guarantee, or undertaken pursuant to any RUS program involving such grant, contract, loan, insurance or guarantee, the equal opportunity provisions set forth in Exhibit A hereto entitled Equal Opportunity Contract Provisions.

(b) Equal Opportunity Contract Provisions Also Bind the Borrower. The Borrower further agrees that it shall be bound by such equal opportunity clause in any federally assisted construction work which it performs itself other than through the permanent work force directly employed by an agency of government.

(c) Sanctions and Penalties. The Borrower agrees that it shall cooperate actively with RUS and the Secretary of Labor in obtaining the compliance of contractors and subcontractors with the equal opportunity clause and the rules, regulations and relevant orders of the Secretary of Labor, that it shall furnish RUS and the Secretary of Labor such information as they may require for the supervision of such compliance, and that it shall otherwise assist the administering agency in the discharge of RUS's primary responsibility for securing compliance. The Borrower further agrees that it shall refrain from entering into any contract or contract modification subject to Executive Order 11246 with a contractor debarred from, or who has not demonstrated eligibility for, Government contracts and federally assisted construction contracts pursuant to Part II, Subpart D of Executive Order 11246 and shall carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon contractors and subcontractors by RUS or the Secretary of Labor pursuant to Part II, Subpart D of Executive Order 11246. In addition, the Borrower agrees that if it fails or refuses to comply with these undertakings RUS may cancel, terminate or suspend in whole or in part this contract, may refrain from extending any further assistance under any of its programs subject to Executive Order 11246 until satisfactory assurance of future compliance has been received from such Borrower, or may refer the case to the Department of Justice for appropriate legal proceedings.

**Section 5.8. Miscellaneous Reports and Notices.**

The Borrower shall furnish to RUS:

(a) Notice of Default. Promptly after becoming aware thereof, notice of: (i) the occurrence of any default; and (ii) the receipt of any notice given pursuant to the Security Agreement with respect to the occurrence of any event which with the giving of notice or the passage of time, or both, could become an "Event of Default" under the Security Agreement.

(b) Notice of Non-Environmental Litigation. Promptly after the commencement thereof, notice of the commencement of all actions, suits or proceedings before any court, arbitrator, or governmental department, commission, board, bureau, agency, or instrumentality affecting the Borrower which, if adversely determined, could have a material adverse effect on the condition, financial or otherwise, operations, properties or business of the Borrower, or on the ability of the Borrower to perform its obligations under the Loan Documents.

(c) Notice of Environmental Litigation. Without limiting the provisions of Section 5.8(b) above, promptly after receipt thereof, notice of the receipt of

all pleadings, orders, complaints, indictments, or other communications alleging a condition that may require the Borrower to undertake or to contribute to a cleanup or other response under laws relating to environmental protection, or which seek penalties, damages, injunctive relief, or criminal sanctions related to alleged violations of such laws, or which claim personal injury or property damage to any person as a result of environmental factors or conditions for which the Borrower is not fully covered by insurance, or which, if adversely determined, could have a material adverse effect on the condition, financial or otherwise, operations, properties or business of the Borrower, or on the ability of the Borrower to perform its obligations under the Loan Documents.

(d) Notice of Change of Place of Business. Promptly in writing, but in no case less than thirty (30) days prior to such change, notice of any change in its name, mailing address, location of its principal place of business or the office where its records concerning accounts and contract rights are kept.

(e) Regulatory and Other Notices. Promptly after receipt thereof, copies of any notices or other communications received from any governmental authority with respect to any matter or proceeding which could have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of the Borrower, or on the ability of the Borrower to perform its obligations under the Loan Documents.

(f) Material Adverse Change. Promptly, notice of any matter which has resulted or may result in a material adverse change in the condition, financial or otherwise, operations, properties, or business of the Borrower, or the ability of the Borrower to perform its obligations under the Loan Documents.

(g) Other Information. Such other information regarding the condition, financial or otherwise, or operations of the Borrower as RUS may, from time to time, reasonably request.

**Section 5. 9. Loan Fund Account.**

The Borrower shall hold all moneys advanced to it by RUS hereunder in trust for RUS and shall deposit such moneys promptly after the receipt thereof in an account maintained by the Borrower at a bank or other depository that is insured by the Federal Deposit Insurance Corporation, and subject to a Deposit Account Control Agreement substantially in the form attached hereto as Exhibit B to the Security Agreement. Any such account (hereinafter called **"Loan Funds Account"**) in which any such moneys shall be deposited shall be designated by the corporate name of the Borrower followed by the words "Trustee, Loan Funds Account/Special Construction Account." Moneys in the Loan Funds Account shall be used solely for the loan purposes as outlined in the Loan Contract and in

compliance with the Loan Contract and may be withdrawn only upon checks, drafts, or orders signed on behalf of the Borrower and countersigned by an executive officer thereof.

**Section 5.10. Approval of Certain Agreements.**

The Borrower shall submit for RUS review, at least 60 days in advance, for RUS' prior written approval, and prior to executing all amendments, modifications, revisions, substitutions, in whole or in part, waivers, or termination to any contractual arrangements listed on Schedule 1.

**Section 5.11. Preservation of Corporate Existence; Compliance with Laws**

The Borrower will at all times, so long as any of the Note shall be outstanding, take or cause to be taken all such action as from time to time may be necessary to preserve its corporate existence and to preserve and renew all franchises, rights of way, easements, allowances, permits and licenses now or hereafter granted to or conferred upon it and the Borrower will comply in all material respects with all federal, state, and local laws, rules, regulations, ordinances, codes, and orders the failure to comply with which could have a material adverse effect on the condition, financial or otherwise, operations, properties or business of the Borrower, or on the ability of the Borrower to perform its obligations under the Security Agreement or this Agreement.

**Section 5.12. Maintenance of Pledged Property.**

(a) The Borrower will at all times maintain and preserve the Pledged Property in compliance with all applicable laws, regulations and orders,

(b) If in the sole judgment of RUS, the Pledged Property is not being maintained in accordance with paragraph (a) of this section, RUS may send to the Borrower a written report of needed improvements and the Borrower will upon receipt of such written report promptly undertake to accomplish such improvements.

**Section 5.13. Salaries of Directors, Officers and Employees.**

The Borrower will not pay its directors, as such, any salaries for their services, except as are provided in the Borrower's Amended and Restated Code of Regulations or such as shall have been approved by RUS; provided that nothing herein contained shall preclude any director from serving the Borrower in any other capacity and receiving compensation therefor. Salaries and wages paid officers and employees shall be reasonable and in conformity with the usual practice of corporations of the size and nature of the Borrower.

**Section 5.14. Further Assurances to Confirm Security;**

(a) The Borrower will from time to time upon written demand of RUS make, execute, acknowledge and deliver or cause to be made, executed, acknowledged and delivered all such further instruments of further assurance, and supplemental Security Agreements, financing statements, continuation statements, security agreements, instruments and conveyances as may reasonably be requested by RUS, and take or cause to be taken all such further action as may reasonably be requested by RUS to effectuate the intention of these presents and to provide for the securing and payment of the principal of, interest on, and any and all other amounts payable under the Note equally and ratably according to the terms thereof and for the purpose of fully conveying, transferring and confirming unto RUS the property hereby conveyed, mortgaged and pledged, or intended so to be, whether now owned by the Borrower or hereafter acquired by it and to reflect the assignment of the rights or interests of any of RUS hereunder or under any Note; provided, however, that nothing in this Section shall be construed as obligating the Borrower pledge additional property or collateral which is not subject to the Security Agreement as of the date hereof. The Borrower will cause the Security Agreement and any and all supplemental Security Agreements and every security agreement, financing statement covering security interests, continuation statement and every additional instrument of further assurance which shall be executed pursuant to the foregoing provisions forthwith upon execution to be promptly recorded, registered and filed and rerecorded and refiled as conveyances and security interests in real and personal property in such manner and in such places as may be required by law or reasonably requested by RUS in order to fully preserve the security for the Note and to perfect and maintain the superior lien of the Security Agreement and all supplemental Security Agreements, and financing statements and to preserve and protect the rights and remedies of RUS hereunder to all property comprising the Pledged Property.

(b) The Borrower hereby irrevocably authorizes RUS at any time and from time to time to file in any jurisdiction any initial financing statements and amendments thereto that list and describe the Pledged Property and contains any other information required by the applicable Uniform Commercial Code for the sufficiency or filing office acceptance of any financing statement or amendment, including, but not limited to, whether the Borrower is an organization, the type of organization and any organizational identification number issued to the Borrower. The Borrower agrees to furnish any such information to RUS promptly upon request. The Borrower also ratifies its authorization for RUS to have filed in any Uniform Commercial Code jurisdictions any initial financing statements or amendments thereto if filed prior to the date hereof.

(c) The Borrower will take all steps required by law, including filing all necessary continuation statements pursuant to applicable Uniform Commercial

Code, in order to assure that the lien in favor of RUS remains or becomes perfected, as the case may be, and, in either event, such lien has the priority accorded by the Security Agreement. The Borrower will deliver to RUS every 5 years after the date of this Loan Contract evidence that the Borrower has filed a continuation statement pursuant to the applicable Uniform Commercial Code.

**Section 5.15. Organizational Changes.**

The Borrower covenants and agrees that it will give RUS thirty (30) days prior to the effective date, written notice of any change in its name, mailing address, or principal place of business or any change in location of its chief place of business or the office where its records concerning accounts and contracts are kept or the state of its incorporation. The Borrower covenants and agrees that it will not, without the prior written consent of RUS, change its type of organization or the jurisdiction of its organization. The Borrower shall give to the RUS (i) notice in writing if it plans to change its legal organization or legal structure, including any subsidiaries of the Borrower or other entities over which the Borrower has control or which have control over the Borrower, and describe in reasonable detail the proposed transaction and (ii) drafts of all material documents to effect such transaction. If the RUS delivers to the Borrower written notice that it objects to the proposed transaction within sixty (60) days (or such shorter period as the parties shall agree to in writing), the Borrower shall not complete the transaction without RUS approval.

**Section 5.16. Limitations on Loans, Investments and Other Obligations.**

The Borrower will not, without the written approval of RUS, hereafter make any loan or advance to, or make any investment in, or purchase or make any commitment to purchase any stock, bonds, Note or other securities of, or guarantee, assume or otherwise become obligated or liable with respect to the obligations of any person, firm or corporation, except (i) securities or deposits issued, guaranteed or fully insured as to payment by the United States Government or any agency thereof, (ii) Capital Term Certificates or other securities of the National Rural Utilities Cooperative Finance Corporation, (iii) capital credits resulting from the payment for power and energy purchased and actually received from a generating and transmission cooperative of which the Borrower is a member, and (iv) such other loans, deposits, advances, investments and obligations as may from time to time be made, purchased or undertaken by the Borrower; provided, however, that the aggregate cost of investments, plus the total unpaid principal amount of the loans, deposits, advances and obligations, permitted under this clause (iv) shall not, except as permitted by applicable law, at any time exceed 35% of the Total Utility Plant of the Borrower.

**Section 5.17. Compliance with Laws.**

The Borrower shall comply in all material respects with all federal, state, and local laws, rules, regulations, ordinances, codes, and orders the failure to comply

with which could have a material adverse effect on the condition, financial or otherwise, operations, properties or business of the Borrower, or on the ability of the Borrower to perform its obligations under Agreement or the Security Agreement.

**Section 5.18. Requirements on Relending Loan Funds.**

The Borrower shall comply with all requirements set forth in the RESP Regulations for relending loan proceeds to Qualified Consumers for the purpose of implementing an Energy Efficiency Program. The Borrower agrees that it shall provide all loan funds received under the RUS Commitment to Qualified Consumers within one year of receiving such loan funds. If any loan funds received under the RUS Commitment are not loaned by the Borrower to Qualified Consumers within one year, the unused loan funds, and any interest earned on the loan funds, must be returned to RUS and will be applied to the Borrower's outstanding debt. Regarding loans made by the Borrower to the Qualified Consumers with loan funds received under the RUS Commitment, the Borrower further agrees that: i.) such loans shall bear interest not to exceed 5 percent and proceeds from the interest charged may only be used to establish a loan loss reserve and to offset personnel and program costs necessary to carry out the Energy Efficiency Program; ii.) such loans must be to finance Energy Efficiency Measures for the purpose of decreasing energy usage or costs (not just electricity) of the Qualified Consumer by an amount that ensures, to the maximum extent practicable, that a loan term of not more than 10 years will not pose an undue financial burden on the Qualified Consumer; iii.) such loans may not exceed 10 years; iv.) such loans will be repaid through monthly payments to the Borrower for the property for or at which the Energy Efficiency Measures are or will be implemented, unless otherwise approved by RUS; iv.) such loans will be subject to an Energy Audit as specified in the RESP Regulations.

**Section 5.19. Requirements for Repayment.**

The Borrower agrees that it remains responsible for full repayment of the RUS Commitment pursuant to the terms of the Loan Documents regardless of repayment by the Qualified Consumers of the loans made by the Borrower.

**Section 5.20. Financial Ratio Requirements.**

The Borrower shall meet the Financial Ratio Requirements as set forth 7 CFR 1719.8(a) and as shall be further set forth on Schedule 1. Unless otherwise specified in Schedule 1, the Borrower is required to meet a minimum Debt Service Coverage Ratio of 1.05, whether applied on annual or average basis.

**Section 5.21. Minimum Equity Requirement.**

Unless otherwise specified in Schedule 1, the Borrower shall meet and comply with the minimum equity requirement set forth in 7 CFR 1719.8. The Borrower is required to maintain the minimum equity requirement until the Final Maturity Date unless another time period is approved by the Administrator and is set forth in Schedule 1.

**Section 5. 22 Measurement and Verification Plan.**

The Borrower agrees that it shall establish a plan for the measurement and verification of the cost savings provided by the Energy Efficiency Program in compliance with 7 CFR 1719.10.

**Section 5.23 Financial Reports.**

The Borrower shall comply with the requirements of 7 CFR 1719.12 for financial reporting. The Borrower will prepare and furnish to RUS a full and complete Financial and Operating Report, in form and substance satisfactory to RUS, and such other financial reports (including information for subsidiaries), as identified on Schedule 1. The Financial and Operating Report and other such financial reports will be filed semiannually for the first 10 years of the Loan and annually thereafter until the Final Maturity Date.

**Section 5.24. Performance Reporting.**

The Borrower shall comply with the requirements of 7 CFR 1719.12 for performance reporting. The Borrower shall prepare and furnish to RUS a full and complete Performance Report, in form and substance satisfactory to RUS, and such other performance reports as identified on Schedule 1. Such Performance Report and other performance reports will be filed semiannually for the first 10 years of the Loan and annually thereafter until the Final Maturity Date.

**Section 5.25. Audit and Accounting Requirements.**

The Borrower shall comply with the auditing requirements of 7 CFR 1719.13, including but not limited to, preparing and furnishing to RUS, at least once during each 12 month period, a full and complete report, of its financial condition, operations, and cash flows, in form and substance satisfactory to RUS, audited and certified by an independent certified public account, satisfactory to RUS, and accompanied by a report of such audit, in form and substance satisfactory to RUS. Unless otherwise specified in Schedule 1, the Borrower must follow the Policy on Audits for RUS borrowers in 7 CFR Part 1773 and 2 CFR Part 200, subpart F--Audit Requirements. The Borrower shall also comply with the Accounting

Requirements set forth in 7 CFR 1719.13 and as further set forth in Schedule 1. Unless otherwise specified in Schedule 1, the Borrower must adopt and follow GAAP based system of accounts acceptable to RUS, as well as compliance with the requirements of 2 CFR part 200.

**Section 5.26. RUS Regulations**.

The Borrower agrees to comply with the requirements in the RUS regulations, however, in case of any conflict between the terms of this Agreement or the Security Agreement and the provisions of the RUS Regulations, the terms of this Agreement and the Security Agreement shall control.

**Section 5.27 Additional Affirmative Covenants.**

The Borrower agrees to comply with the additional affirmative covenants identified in Schedule 1.

## ARTICLE VI

## NEGATIVE COVENANTS

**Section 6.1. General.**

Unless otherwise agreed to in writing by RUS, while this Agreement is in effect, the Borrower shall duly observe each of the negative covenants set forth in this Article.

**Section 6.2. Limitations on Changing Principal Place of Business.**

The Borrower shall not change its principal place of business or keep property in a county not shown on a schedule to the Security Agreement if the change would cause the lien in favor of RUS to become unperfected or fail to become perfected, as the case may be, unless, prior thereto, the Borrower shall have taken all steps required by law in order to assure that the lien in favor of RUS remains or becomes perfected, as the case may be, and, in either event, such lien has the priority accorded by the Security Agreement.

**Section 6.3. Limitations on Employment and Retention of General Manager.**

At any time any Event of Default, or any occurrence which with the passage of time or giving of notice would be an Event of Default, occurs and is continuing the Borrower shall not employ any General Manager or any person exercising

comparable authority to such a manager unless such employment shall first have been approved by RUS. If any Event of Default, or any occurrence which with the passage of time or giving of notice would be an Event of Default, occurs and is continuing and RUS requests the Borrower to terminate the employment of any such manager or person exercising comparable authority, or RUS requests the Borrower to terminate any contract for operating the Borrower's business, the Borrower shall do so within thirty (30) days after the date of such notice. All contracts in respect of the employment of any such manager or person exercising comparable authority, or for the operation of the Borrower's business, shall contain provisions to permit compliance with the foregoing covenants.

**Section 6.4. Limitations on Certain Types of Contracts**.

(a) Hereafter, without the prior written approval of RUS, the Borrower shall not enter into any contract or arrangements, whether or not in writing, for construction or procurement, equipment, or architectural and engineering services if the project or facilities are or will be financed, in whole or in part, by a RUS loan or loan guarantee..

(b) Hereafter without the prior written approval of RUS or in accordance with the applicable RUS Regulations, the Borrower shall not enter into any management contract for the operation of its business or any portion of its property, whether or not in writing.

**Section 6.5. Limitations on Mergers and Sale, Lease or Transfer of Capital Assets**.

(a) The Borrower shall not without the prior written approval of RUS, consolidate with, or merge, or sell all or substantially all of its business or assets, to another entity.

(b) The Borrower shall not, without the prior written approval of RUS, voluntarily or involuntarily sell, convey or dispose of substantially all of its business or assets (including, without limitation, any portion of its franchise or service territory) to another entity or person

**Section 6.6. Limitations on Using Non-FDIC Insured Depositories.**

Without the prior written approval of RUS, the Borrower shall not place the proceeds of the Loans or any loan which has been made or guaranteed by RUS in the custody of any bank or other depository that is not insured by the Federal Deposit Insurance Corporation or other federally insured agency acceptable to RUS.

**Section 6.7. Historic Preservation.**

The Borrower shall not, without approval in writing by RUS, use any portion of the Loan to construct any facilities which shall involve any district, site, building, structure or object which is included in, or eligible for inclusion in, the National Register of Historic Places maintained by the Secretary of the Interior pursuant to the Historic Sites Act of 1935 and the National Historic Preservation Act of 1966.

**Section 6.8. Limitations on Additional Indebtedness.**

The Borrower shall not incur, assume, guarantee or otherwise become liable in respect of any secured debt for borrowed money without the prior written consent of RUS.

**Section 6.9. Impairment of Contracts Pledged to RUS.**

The Borrower shall not breach any obligation to be paid or performed by the Borrower on any contract, or take any action which is likely to impair the value of any contract, which has been pledged as security to RUS by the Borrower or any other entity.

**Section 6.10. Energy Efficiency Measures.**

The Borrower will not make any revisions to the list of Energy Efficiency Measures without prior written approval by RUS.

**Section 6.11 Additional Negative Covenants.**

The Borrower agrees to comply with the additional negative covenants identified in Schedule 1.

## ARTICLE VII

## EVENTS OF DEFAULT

**Section 7.1. Events of Default**.

The following shall be Events of Default under this Agreement:

(a) Representations and Warranties. Any representation or warranty made by the Borrower in Article II hereof or any certificate furnished to RUS hereunder or under the Security Agreement shall prove to have been incorrect in any material respect at the time made and shall at the time in

question be untrue or incorrect in any material respect and remain uncured;

(b) Payment. Default shall be made in the payment of or on account of interest on or principal of the Note or on any other Loans or RUS Loans or obligations owed to the Government when and as the same shall be due and payable, whether by acceleration or otherwise which shall remain unsatisfied for (5) Business days.

(c) Other Covenants. Default by the Borrower in the observance or performance of any other covenant or agreement contained in any of the Loan Documents, which shall remain unremedied for thirty (30) calendar days after written notice thereof shall have been given to the Borrower by RUS;

(d) Corporate Existence. The Borrower shall forfeit or otherwise be deprived of its corporate charter, franchises, permits, easements, consents or licenses required to carry on any material portion of its business;

(e) Other Obligations. Default by the Borrower in the payment of any obligation, whether direct or contingent, for borrowed money or in the performance or observance of the terms of any instrument pursuant to which such obligation was created or securing such obligation

(f) Bankruptcy. A court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Borrower in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of thirty (30) consecutive days or the Borrower shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian or trustee, of a substantial part of its property, or make any general assignment for the benefit of creditors; and

(g) Dissolution or Liquidation. Other than as provided in the immediately preceding subsection, the dissolution or liquidation of the Borrower, or failure by the Borrower promptly to forestall or remove any execution, garnishment or attachment of such consequence as shall impair its ability to continue its business or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within thirty (30) days. The term "dissolution or liquidation of the Borrower", as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Borrower resulting either from a merger or consolidation of the Borrower into or with another corporation following a transfer of all

or substantially all its assets as an entirety, under the conditions permitting such actions.

## ARTICLE VIII

## REMEDIES

**Section 8.1. Generally.**

Upon the occurrence of an Event of Default, RUS may pursue all rights and remedies available to RUS that are contemplated by this Agreement or the Security Agreement in the manner, upon the conditions, and with the effect provided in this Agreement or the Security Agreement, including, but not limited to, acceleration, a suit for specific performance, injunctive relief or damages. Nothing herein shall limit the right of RUS to pursue all rights and remedies available to a creditor following the occurrence of an Event of Default listed in Article VII hereof. Each right, power and remedy of RUS shall be cumulative and concurrent, and recourse to one or more rights or remedies shall not constitute a waiver of any other right, power or remedy.

**Section 8.2. Suspension of Advances.**

In addition to the rights, powers and remedies referred to in the immediately preceding section, RUS may, in its absolute discretion, suspend making Advances hereunder if (i) any Event of Default, or any occurrence which with the passage of time or giving of notice would be an Event of Default, occurs and is continuing; (ii) there has occurred a change in the business or condition, financial or otherwise, of the Borrower which in the opinion of RUS materially and adversely affects the Borrower's ability to meet its obligations under the Loan Documents, or (iii) RUS is authorized to do so under the Act or RUS Regulations.

## ARTICLE IX

## MISCELLANEOUS

**Section 9.1. Notices.**

All communications, notices, requests, demands, consents, waivers or other modifications provided, permitted or required by this Agreement shall be communicated in writing or electronic mail or telecommunications device capable of creating a written record as specified herein, and any such notice shall become effective: (a) upon personal delivery thereof, including, without limitation, by

overnight mail or courier service, (b) in the case of notice by the United States mail, certified or registered postage prepaid, return receipt requested, upon receipt thereof, or (c) in the case of notice by electronic mail or by such a telecommunications device, upon transmission thereof, provided such transmission shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return electronic mail or other written acknowledgment) provided that, if such notice electronic mail or other communication is not sent during the normal business hours of the recipient such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, in each case addressed to each party hereto at its address set forth on Schedule 1 or, in the case of any such party hereto, at such other address as such party may from time to time designate by written notice to the other parties hereto or to such other addresses the party hereto may from time to time designate.

**Section 9.2. Expenses.**

To the extent allowed by law, the Borrower shall pay all costs and expenses of RUS, including reasonable fees of counsel, incurred in connection with the enforcement of the Loan Documents or with the preparation for such enforcement if RUS has reasonable grounds to believe that such enforcement may be necessary.

**Section 9.3. Late Payments.**

If payment of any amount due hereunder is not received at the United States Treasury in Washington, D.C., or such other location as RUS may designate to the Borrower within five (5) Business Days after the due date thereof or such other time period as RUS may prescribe from time to time in its policies of general application in connection with any late payment charge (such unpaid amount being hereinafter called the "delinquent amount", and the period beginning after such due date until payment of the delinquent amount being hereinafter called the "late-payment period"), the Borrower shall pay to RUS, in addition to all other amounts due under the terms of the Note, the Security Agreement and this Agreement, any late-payment charge as may be fixed by RUS Regulations from time to time on the delinquent amount for the late-payment period.

**Section 9.4. Filing Fees.**

To the extent permitted by law, the Borrower agrees to pay all expenses of RUS (including the fees and expenses of its counsel) in connection with the filing or recordation of all financing statements and instruments as may be required by

RUS in connection with this Agreement, including, without limitation, all documentary stamps, recordation and transfer taxes and other costs and taxes incident to recordation of any document or instrument in connection herewith. The Borrower agrees to save harmless and indemnify RUS from and against any liability resulting from the failure to pay any required documentary stamps, recordation and transfer taxes, recording costs, or any other expenses incurred by RUS in connection with this Agreement. The provisions of this subsection shall survive the execution and delivery of this Agreement and the payment of all other amounts due hereunder or due on the Note.

**Section 9.5. No Waiver.**

No failure on the part of RUS to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise by RUS of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

**Section 9.6. Governing Law.**

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH APPLICABLE FEDERAL LAW AND, IN THE ABSENCE OF CONTROLLING FEDERAL LAW, BY THE LAWS OF THE STATE INDICATED ON SCHEDULE 1, EXCEPT THOSE THAT WOULD RENDER SUCH CHOICE OF LAW INEFFECTIVE.

**Section 9.7. Rescission.**

The Borrower may elect not to borrow the RUS Commitment in which event RUS shall release the Borrower from its obligations hereunder, provided the Borrower complies with such terms and conditions as RUS may impose for such release and provided also that if the Borrower has any remaining obligations to RUS for RUS Loans made or guaranteed by RUS, RUS may, withhold such release until all such obligations have been satisfied and discharged.

**Section 9.8. Successors and Assigns.**

This Agreement shall be binding upon and inure to the benefit of the Borrower and RUS and their respective successors and assigns, except that the Borrower may not assign or transfer its rights or obligations hereunder without the prior written consent of RUS.

**Section 9.9. Complete Agreement; Waivers and Amendments.**

Subject to RUS Regulations, this Agreement and the other Loan Documents are intended by the parties to be a complete and final expression of their agreement. However, RUS reserves the right to waive its rights to compliance with any

provision of this Agreement and the other Loan Documents. No amendment, modification, or waiver of any provision hereof or thereof, and no consent to any departure of the Borrower herefrom or therefrom, shall be effective unless approved in writing by RUS in the form of either a RUS Regulation or other writing signed by or on behalf of RUS, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

**Section 9.10. Headings.**

The headings and sub-headings contained in the titling of this Agreement are intended to be used for convenience only and do not constitute part of this Agreement.

**Section 9.11. Severability.**

If any term, provision or condition, or any part thereof, of this Agreement, or the Security Agreement shall for any reason be found or held invalid or unenforceable by any governmental agency or court of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of such term, provision or condition nor any other term, provision or condition, and this Agreement, Note, and the Security Agreement shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

**Section 9.12. Right of Setoff.**

Upon the occurrence and during the continuance of any Event of Default, RUS is hereby authorized at any time and from time to time, without prior notice to the Borrower, to exercise rights of setoff or recoupment and apply any and all amounts held or hereafter held, by RUS or owed to the Borrower or for the credit or account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing hereunder or under the Note. RUS agrees to notify the Borrower promptly after any such setoff or recoupment and the application thereof, provided that the failure to give such notice shall not affect the validity of such setoff, recoupment or application. The rights of RUS under this section are in addition to any other rights and remedies (including other rights of setoff or recoupment) which RUS may have. The Borrower waives all rights of setoff, deduction, recoupment or counterclaim.

**Section 9.13. Schedules and Exhibits.**

Each Schedule and Exhibit attached hereto and referred to herein is each an integral part of this Agreement.

**Section 9.14. Authority of Representatives of RUS.**

In the case of any consent, approval or waiver from RUS that is required under this Agreement or any other Loan Document, such consent, approval or waiver must be in writing and signed by an authorized RUS representative to be effective. As used in this section, "authorized RUS representative" means the Administrator of RUS, and also means a person to whom the Administrator has officially delegated specific or general authority to take the action in question.

**Section 9.15. Term.**

This Agreement shall remain in effect until one of the following two events has occurred:

(a) The Borrower and RUS replace this Agreement with another written agreement; or

(b) All of the Borrower's obligations under the Note and this Agreement, or any other agreement with RUS, have been discharged and paid.

**Section 9.16. Indemnification by Borrower of RUS.**

The Borrower agrees to indemnify and save harmless RUS against any liability or damages which it may incur or sustain in the exercise and performance of their powers and duties hereunder. For such reimbursement and indemnity, the RUS shall be secured under the Security Agreement in the same manner as the Note and all such reimbursements for expense or damages shall be paid to RUS. The Borrower's obligation to indemnify RUS under this section shall survive the satisfaction of the Note, the termination of the Security Agreement, the acceptance of a deed in lieu of foreclosure, or any transfer or abandonment of the Pledged Property.

**Section 9.17. Government to Retain Rights as Holder and Pledgee with respect to Note.**

At all times when any Note is held by the Government, or in the event the Government shall assign a Note without having insured the payment of such Note, the Security Agreement shall secure payment of such Note for the benefit of the Government or such holder thereof, as the case may be. Whenever any Note may be sold to a purchaser, it shall continue to be considered a "Note" as defined herein, but as to any such Note the Government, and not such purchaser, shall be considered to be, and shall have the rights of, the holder of the Note for purposes of this Agreement and the Security Agreement. Notice of the rights of the Government under the preceding sentence shall be set forth in all such Note.

**Section 9.18. Prior Loan Contracts.**

In the event that the Borrower has outstanding RUS Loans, the Borrower is required to comply with the terms of all previous loan documents, including previous loan contracts by and between the Borrower and RUS. In the event of a conflict between this Agreement and these prior loan contracts, the terms of the prior loan contracts will control.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

(SIGNATURES BEGIN ON NEXT PAGE)

**ANZA ELECTRIC COOPERATIVE, INC.**

**By:**_____

**Name:**_____

**Title:**_____

**Attest:** _____
**Secretary**

**(SIGNATURES CONTINUED FROM PREVIOUS PAGE)**

**UNITED STATES OF AMERICA**
**Acting by and through the Rural Utilities Service**

**By:**_____

**Name:**_____

**Title:**_____

**SCHEDULE 1**
**California 0041 "AC50" Riverside**

1.) The Loan Commitment Letter is dated as of **July 10, 2023.**

2.) The Pledge and Security Agreement (Security Agreement) is dated as of **January 5, 2024.**

3.) The Multi-Tier Agreement is dated as of **February 28, 2023**.

4.) The RUS Commitment shall be for a loan in the amount of **$250,000**.

5.) The Special Advance is in the amount of **$5,000**.

6.) The Principal Place of Business referenced in Section 2.1(h) is

**Anza Electric Cooperative, Inc.**
**58470 Hwy. 371**
**P.O. Box 391909**
**Anza, California 92539-1909**

7.) The property of the Borrower referenced in Section 2.1(j) is in:

**Not Applicable**

8.) The Subsidiaries referenced in Section 2.1(i) are:

**Not Applicable**

9.) The Fiscal Year of Obligation referred to in Section 3.1 is the Fiscal Year ending: **2023.**

10.) The Special Conditions for Initial Advance referred to in Section 4.2 are as follows:

a.) RUS has entered into this Loan Contract with the Borrower to make the Borrower a loan of $250,000.00 to finance an Energy Efficiency Program for the purpose of implementing Energy Efficiency Measures as described in the Energy Efficiency Implementation Work Plan dated March 9, 2023 and submitted to RUS, (hereinafter "EEIWP") provided in support of the Borrower's loan request approved by RUS;

b.) The Borrower has submitted evidence, in form and substance satisfactory to the Administrator, that the conditions in this Loan Contract have been satisfied to the extent and in the manner prescribed by the Administrator;

c.) The Borrower has submitted evidence, in form and substance satisfactory to the Administrator, that the Borrower has duly authorized, executed, and has delivered to the Administrator this Loan Contract, Note and any applicable security documents, in the form and manner prescribed by the Administrator; and

d.) The Borrower has submitted evidence, in form and substance satisfactory to the Administrator the Borrower has duly authorized, executed, delivered, recorded and filed the Security Agreement and other applicable security instruments, as required, which are in form and substance satisfactory to the Administrator.

e.) The Borrower shall have entered into an irrevocable standby Letter of Credit, in form and substance satisfactory to RUS, with an entity acceptable to RUS, securing the payment of sums due to RUS on account of the RESP Loan in the amount of fifty percent of the first advance. The LOC is to at all times provide payment to RUS in an amount equal to fifty percent of the total amount of the outstanding balance owed by the Borrower to RUS on the AC50 Note in the event of a payment default by the Borrower of the AC50 Note and such Letter of Credit shall remain in effect as long as any amounts under the Loan due to RUS are outstanding.

f.) The Borrower shall establish an Energy Efficiency Program Account, as such account is defined in the Security Agreement (EEP Account), subject to a Deposit Account Control Agreement (DACA) with RUS and a financial institution approved by RUS, and such DACA is to be in form and substance satisfactory to RUS, and provide RUS with a perfected security interest in the EEP Account and also provide for maintaining within the EEP Account a loan loss reserve providing sufficient funding to cover charge offs in the Energy Efficiency Program.

g.) The Borrower shall establish an Loan Funds Account (Loan Funds Account) as such account is defined in the Loan Contract and the Security Agreement, subject to a Deposit Account Control Agreement (DACA) with RUS and a financial institution approved by RUS, and such DACA is to be in form and substance satisfactory to RUS, and provide RUS with a perfected security interest in the Loan Funds Account.

<u>In addition to the above, the release of loan funds is placed under the following conditional requirements and covenants:</u>

a.) Loan Disbursements of "AC50" loan funds to the Borrower must not exceed $125,000 (50% of the approved "AC50" loan amount) in a single year.

b.) The Borrower will not be eligible to receive additional "AC50" loan funds from RUS until providing evidence satisfactory to RUS the "AC50" loan funds from previous Advances have been fully relent to Qualified Consumers or returned to RUS.

c.) Each request by the Borrower to receive "B50" loan funds, must be accompanied with the following certifications from the Borrower's President or General Manager:

i.) The Borrower has certified that the loan funds will be used in a relending program to finance or provide reimbursement of Energy Efficiency Measures implemented or invested by Qualified Consumers in accordance with i.) this Loan Contract, ii.) the RESP requirements as specified in regulations, and iii.) the description and procedures indicated in the Borrowers EEIWP;

ii.) The Borrower has certified that the loan funds will be provided under the RESP relending program to Qualified Consumers located within the Borrower's Service Area, in those rural areas as outlined in RUS' Supplemental Guidance on "Rural" Determinations Applicable to Rural Energy Savings Program;

iii.) The Borrower has certified that the loan funds are being provided in accordance with the Multi-Tier Environmental Compliance Agreement for Energy Efficiency and Conservation Loan Program executed by the Borrower on February 28, 2023 and that each energy efficiency measure financed by the loan funds under the relending program is a Categorical Exclusion of the type described in 7 CFR Section 1970.53 or Section 7 CFR 1970.54.

11.) The Additional Affirmative Covenants referenced in Section 5.27 are as follows:

a.) The Borrower shall maintain an irrevocable standby Letter of Credit, in form and substance satisfactory to RUS, with an entity acceptable to RUS, in an amount not less than 50 percent of the maximum outstanding balance owed by the Borrower on the Note and such Letter of Credit shall remain in effect as long as any amounts under the Note are outstanding. In the event there is no advance made on the Note for 12 or more months, the amount of the Letter of Credit may be adjusted by the Borrower periodically with the prior written consent of RUS, but in no event shall such adjustments be made more frequently than every 12 months, and in no event shall the amount of the Letter of Credit ever be less than 50 percent of the total amount of the outstanding balance owed by the Borrower to RUS on the Note.

b.) The Borrower shall maintain DACAs with RUS and a financial institution approved by RUS, in form and substance satisfactory to the Administrator, providing RUS with a first and paramount perfected security interest for RUS in an EEP Account, and Loan Funds Account (all as defined in the Security Agreement).

**c.)** The Borrower shall maintain within the EEP Account, in addition to the revenues of the Energy Efficiency Program, a loan loss reserve to provide sufficient funding to cover charge offs in the Energy Efficiency Program.

**d.)** The Borrower shall, after the last advance of funds on account of the RESP Loan into the Loan Funds Account, for a period of one year, maintain such funds in the Loan Funds Account, until it has advanced such funds to the qualified consumers. After the expiration of such one year period, the Borrower shall return to RUS all funds remaining in the Loan Funds Account, with interest, as provided in 7 CFR 1719.8(d)(1)(i).

12.) The Additional Negative Covenants reference in Section 6.11 are as follows:

**None**

13.) The additional or special Financial Ratio Requirements referenced in Section 5.20 are as follows:

**None**

14.) The Minimum Equity Requirement referred to in Section 5.21 is as follows:

**None**

15.) The additional Financial Reports referenced in Section 5.23 are as follows:

**None**

16.) The additional Performance Reports referenced in Section 5.24 are as follows:

**None**

17.) The special or additional Audit Requirements referenced in Section 5.25 are as follows:

**None**

18.) The special or additional Accounting Requirements referenced in Section 5.25 are as follows:

**None**

19.) The Addresses for Notices referenced in Section 9.1 are:

As to the Government:

Rural Utilities Service
U.S. Department of Agriculture
Room No. 4121 South
1400 Independence Avenue SW
Washington, D. C. 20250-1500
Attention: Administrator

Or via electronic mail to: RUSElectric@usda.gov

As to the Borrower:

**Anza Electric Cooperative, Inc.**
**58470 Hwy. 371**
**P.O. Box 391909**
**Anza, California 92539-1909**

Phone: (951) 763-4333
Email: kevins@anzaelectric.org

Attention: Mr. Kevin Short

20.) The State referenced in Section 9.6 regarding Governing Law is **California.**

RUS Project Designation:
CA 41 AC50 RIVERSIDE

# SECURITY AGREEMENTAND FINANCING STATEMENT

made by and between

ANZA ELECTRIC COOPERATIVE, INC.
58470 Hwy. 371
P.O. Box 391909
Anz, California 92539-1909

and

THE UNITED STATES OF AMERICA,
ACTING THROUGH THE ADMINISTRATOR OF
THE RURAL UTILITIES SERVICE,
having a mailing address of:
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, D. C. 20250-1500
Attention: Administrator

Dated as of January 5, 2024

THIS INSTRUMENT CONTAINS PROVISIONS THAT COVER PERSONAL PROPERTY, ACCOUNTS, REVENUES, AFTER-ACQUIRED PROPERTY, FUTURE ADVANCES AND FUTURE OBLIGATIONS.
THE TYPES OF PROPERTY COVERED BY THIS INSTRUMENT ARE LISTED ON PAGES 3 THROUGH 5.
THE ADDRESSES AND SIGNATURES OF THE PARTIES TO THIS INSTRUMENT ARE LISTED ON PAGES 14 THROUGH 16.

*SECTION 1* Definitions

*SECTION 2* Granting Clause; Pledged Property; Perfection of Lien

*SECTION 3* Energy Efficiency Program Account

*SECTION 4* Loan Funds Account

*SECTION 5* Preservation of Lien

*SECTION 6* Expenditure of Funds in the Loan Funds Account

*SECTION 7* Restrictions on Further Encumbrances on Property

*SECTION 8* Preservation of Corporate Existence and Franchise, Compliance with Laws; Limitations on Sale or Merger and Transfers of Capital Assets

*SECTION 9* Maintenance of Pledged Property

*SECTION 01* Further Assurances to Confirm Security of Security Agreement

*SECTION 12* Time Extensions for Payment of Notes

*SECTION 12* Organizational Changes

*SECTION 13* Lender Right to Expend Money to Protect Pledged Property

*SECTION 14* After-Acquired Property; Further Assurances; Recording

*SECTION 15* Security Agreement as Security for Notes; RUS as Holder

*SECTION 16* Compliance with Loan Contract; Notice of Amendments to and Defaults under Loan Contract

*SECTION 17* Authorization

*SECTION 18* Payment of Debt Service on Notes

*SECTION 19* Events of Default

*SECTION 20* Acceleration of Maturity; Annulment of Acceleration

*SECTION 21* Remedies of RUS

*SECTION 22* RUS Appointed Attorney-in-Fact

*SECTION 23* Setoff, Recoupment, and Counterclaims

*SECTION 24* Rights under the Uniform Commercial Code

*SECTION 25* Notice of Default

*SECTION 26* Application of Proceeds from Remedial Actions

*SECTION 27* Remedies Cumulative; No Election

*SECTION 28* Possession until Default

*SECTION 29* Defeasance

*SECTION 30* Security Agreement to Bind and Benefit Successor and Assigns

*SECTION 31* Amendment or Modification

*SECTION 32* Headings

*SECTION 33* Counterpart Execution

*SECTION 34* Notice

*SECTION 35* Severability Cause

*SECTION 36* Indemnification by the Borrower of Lenders

*SECTION 37* Governing Law

*SCHEDULE 1*

*EXHIBIT A* – Form of Note

*EXHIBIT B* – Form of Deposit Account Control Agreement

*EXHIBIT C* – Pledged Property

SECURITY AGREEMENT AND FINANCING STATEMENT

THIS SECURITY AGREEMENT AND FINANCING STATEMENT (this **"Security Agreement"**) is dated as of January 5, 2024, by and between Anza Electric Cooperative, Inc., a California corporation (the **"Borrower"**), and the United States of America (the **"Government"**), acting through the Administrator **("Administrator")** of the Rural Utilities Service ("**RUS**").

WHEREAS, in order to provide loans to qualified consumers for the purpose of implementing Energy Efficiency Measures (defined herein), the Borrower has applied to RUS for financial assistance pursuant to the Rural Energy Savings Program (the "RESP Program") and applicable regulations (7 CFR 1719) and related funding notices published in the Federal Register (the "RESP Regulations");

WHEREAS, RUS is willing to extend financial assistance to the Borrower pursuant to Section 6407 of the Farm Security and Rural Investment Act of 2002, as amended, on the terms and conditions stated herein;

WHEREAS, in order to provide Energy Efficiency Measures to its customers, the Borrower wishes to borrow funds (hereinafter **"the Loan"** identified in Schedule 1) from RUS, acting through the Administrator of RUS, pursuant to the RESP Program and the RESP Regulations and also pursuant to the Loan Contract (defined herein);

WHEREAS, in connection with the Loan, the Borrower shall execute and deliver to RUS a duly authorized note identified in Schedule 1 (hereinafter, the **"Note"**) and attached hereto as Exhibit A;

WHEREAS, it is contemplated that the Note, as well as any refunding, renewal and substitute notes which may from time-to-time be executed and delivered by the Borrower to RUS (the Note and any such refunding, renewal and substitute notes being hereinafter collectively called the **"Notes"**), shall be secured hereby;

WHEREAS, it is contemplated and agreed by RUS and the Borrower that the Notes shall be secured by a pledge of property and a security interest in certain property of the Borrower as hereinafter described (the **"Pledged Property"**);

WHEREAS, the Borrower and RUS are authorized to enter into this Security Agreement;

WHEREAS, all acts, things and conditions prescribed by law and by the organizational documents and bylaws of the Borrower have been duly performed and complied with to authorize the execution and delivery of this Security Agreement, a valid and binding agreement in accordance with its terms; and

WHEREAS, to the extent that any of the property described or referred to herein is governed by the provisions of the Uniform Commercial Code (as hereinafter defined), this Security Agreement is hereby deemed a "security agreement" under the Uniform Commercial Code, and this Security Agreement is also hereby declared to be a "financing statement", for said security agreement under the Uniform Commercial Code.. The mailing address of the Borrower, and RUS as secured party, are as set forth on the cover page of this Security Agreement and in Section 36 of this Security Agreement. The Borrower is an organization of the type and organized in the jurisdiction set forth on page 1 hereof. The cover page hereof accurately sets forth the Borrower's organizational identification number or accurately states that the Borrower has none. The Borrower shall also file as a financing statement under the Uniform Commercial Code for said security agreement and for the benefit of RUS, an instrument other than this Security Agreement pursuant to applicable law and such instrument shall be in the form

customarily accepted by the filing office as a financing statement; and

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

**SECTION 1 - Definitions**

(a) The term **"Energy Efficiency Program Account"** shall mean an account into which all revenues of the Energy Efficiency Program received by the Borrower are, and shall be, deposited, and from which all expenses and other disbursements relating to the operation of the Energy Efficiency Program and payments on account of principal and interest on the Notes may be paid, to the extent that such expenses or other disbursements are authorized, and as further described in Section 4.

(b) The term **"Events of Default"** shall have the meaning specified in Section 21 hereof.

(c) The term "**Note"** shall mean the note more particularly described in Schedule 1 hereto, heretofore executed and delivered by the Borrower to RUS to evidence obligation to RUS on account of the loan made by RUS.

(d) The term **"Loan Contract"** shall mean that certain loan agreement executed by and between the Borrower and RUS dated as indicated in Schedule 1, as it may be ***hereafter*** supplemented, amended or restated.

(e) The term "**Loan Funds Account**" also sometimes referred to as "Special Construction Account" shall mean an account maintained by the Borrower at a bank or other depository that is insured by the Federal Deposit Insurance Corporation into which all funds advanced to the Borrower by RUS on account of the Loan are deposited, such funds to be held in trust for RUS until they are disbursed by the Borrower for the purposes set forth in the Loan Agreement, and which account shall be subject to a Deposit Account Control Agreement.

(f) The term **"Noteholder"** or **"Noteholders"** shall mean one or more of the holders of Notes secured by this Security Agreement; provided, however, that in the case of any Notes that have been guaranteed or insured as to payment by RUS, as to such Note's Noteholder or Noteholders, shall mean RUS, exclusively, regardless of whether such notes are in the possession of RUS.

(g) The term **"Permitted Encumbrances"** shall have the meaning given such term in Schedule 1 hereto.

(h) The term **"Pledged Accounts"** shall mean the the Energy Efficiency Program Account, the Loan Funds Account and any other accounts created or pledged by the Borrower pursuant to this Security Agreement or the Loan Contract;

(i) The term **"Pledged Property"** shall have the meaning given such term in Section 2 hereof.

(j) The term **"this Security Agreement"** shall mean this Security Agreement and Financing Statement, together with all schedules, appendices and exhibits and any subsequent amendments, supplements, consolidations or restatements.

(k) The term **"UCC"** shall mean the Uniform Commercial Code of any applicable state.

Accounting terms not defined above or in the Loan Contract are used in this Security Agreement in their ordinary sense and any computations relating to such terms shall be computed in accordance with Accounting Requirements. Any capitalized term used but not defined herein shall have the meaning set forth in the Loan Contract.

**SECTION 2 - Granting Clause; Pledged Property; Perfection of Lien**

In consideration for making the Loan and to secure repayment of the Loan and the Notes and to secure the due performance of the covenants, agreements and provisions contained in the Loan Contract and this Security Agreement, and to declare the terms and conditions upon which the Notes are to be secured, the Borrower has executed and delivered this Security Agreement, does hereby irrevocably grant, assign, transfer and pledge to RUS, and its successors and assigns, a first and paramount and continuing security interest in all of the Borrower's right, title and interest in the following:

The Energy Efficiency Program Account and the Loan Funds Account, and any and all funds deposited or to be deposited in said accounts;

All right, title and interest of the Borrower in and to those agreements, leases or contracts of the Borrower identified in Exhibit "C", if any;

All right, title and interest of the Borrower in, to and under any and all books, records and correspondence relating to the Pledged Property;

Together with all tolls, rents, income revenues, profits, proceeds, products and benefits at any time derived, received or had from any and all of the above-described Pledged Property of the Borrower and any and all other property hereafter acquired by the Borrower in connection with the foregoing described property; and

also including without limitation, the property described in Exhibit C attached hereto and made a part hereof, whether now owned by Borrower or hereafter acquired and whether now existing or hereafter coming into existence and all proceeds thereof (such property being collectively referred to herein as the "Pledged Property").

To have and to hold all and singular the Pledged Property unto the Administrator and its assigns forever, to secure equally and ratably the payment of the principal of and interest on the Notes, according to their tenor and effect, without preference, priority or distinction as to interest or principal (except as otherwise specifically provided herein) or as to lien or otherwise of any Note over any other Note by reason of the priority in time of the execution, delivery or maturity thereof or of the assignment or negotiation thereof, or otherwise, and to secure the due performance of the covenants, agreements and provisions herein and in the Loan Contract, contained, and for the uses and purposes and upon the terms, conditions, provisos and agreements hereinafter expressed and declared.

The Borrower shall perfect a first and prior lien in the Pledged Property for RUS and take all other actions as RUS shall request to continue perfection of the first lien on the Pledged Property.

In connection with the Pledged Property Borrower shall be required to demonstrate that it satisfies the conditions contained in the Loan Contract.

**SECTION 3 – Energy Efficiency Program Account**

The Borrower shall open and maintain an account, into which all revenues of the Borrower received from its Consumers as part of the Energy Efficiency Program received by the Borrower are, and shall be, promptly deposited, and from which all expenses and other disbursements relating to the operation of the Energy Efficiency Program and payments on account of the principal of and interest on the Notes, may be paid as authorized by the Borrower, and which account shall be pledged to RUS. The Energy Efficiency Program Account shall be opened and maintained by the Borrower at a bank or other depository that is insured by the Federal Deposit Insurance Corporation and shall be subject to a Deposit Account Control Agreement substantially in the form attached hereto as Exhibit B.

**SECTION 4 – Loan Funds Account**.

The Borrower shall hold all moneys advanced to it by RUS hereunder in trust for RUS and shall deposit such moneys promptly after the receipt thereof in an account maintained by the Borrower at a bank or other depository that is insured by the Federal Deposit Insurance Corporation, and subject to a Deposit Account Control Agreement substantially in the form attached hereto as Exhibit B. Any such account (hereinafter called **"Loan Funds Account"**) in which any such moneys shall be deposited shall be designated by the corporate name of the Borrower followed by the words "Trustee, Loan Funds Account/Special Construction Account." Moneys in the Loan Funds Account shall be used solely for the loan purposes as outlined in the Loan Contract and in compliance with the Loan Contract and may be withdrawn only upon checks, drafts, or orders signed on behalf of the Borrower and countersigned by an executive officer thereof.

**SECTION 5 - Preservation of Lien**

The Borrower warrants that it has good right and lawful authority to grant the security interests in the Pledged Property for the purposes herein expressed, and that the said property is free and clear of any deed of trust, mortgage, lien, charge or encumbrance thereon or affecting the title thereto, except for Permitted Encumbrances. The Borrower will, so long as any of the Notes shall be outstanding, maintain and preserve the lien of this Security Agreement superior to all other liens affecting the Pledged Property, and will forever warrant and defend the title to the property described as being secured hereby, against any and all claims and demands whatsoever. Except for Permitted Encumbrances, the Borrower will promptly pay or discharge any and all obligations for or on account of which any such lien or charge might exist or could be created and any and all lawful taxes, rates, levies, assessments, liens, claims, or other charges imposed upon or accruing upon the Borrower, or any part thereof, or upon or against any property of the Borrower not then embraced in the Pledged Property (whether taxed to the Borrower or to any Noteholder), or the franchises, earnings, or business of the Borrower, as and when the same shall become due and payable; and whenever called upon so to do the Borrower will furnish to RUS adequate proof of such payments or discharge.

**SECTION 6 – Expenditure of Funds in the Loan Funds Account**

The Borrower may use moneys deposited in the Loan Funds Account for the purpose of funding loans to Qualified Consumers under the Energy Efficiency Program and for certain additional purposes identified in the Loan Contract.

**SECTION 7 - Restrictions on Further Encumbrances on Property**

The Borrower will not, without the prior written consent of RUS, create or incur or suffer or permit to be created or incurred or to exist any lien, encumbrance, charge, assignment, pledge or mortgage on any of its property wheresoever located, which at the time is, or at any time may become Pledged Property, subject to the lien of this Security Agreement except for Permitted Encumbrances.

**SECTION 8 – Preservation of Corporate Existence and Franchises; Compliance with Laws; Limitations on Sale or Merger and Transfers of Capital Assets.**

(a) The Borrower will at all times, so long as any of the Notes shall be outstanding, take or cause to be taken all such action as from time to time may be necessary to preserve its corporate existence and to preserve and renew all franchises, allowances, permits and licenses now or hereafter to it granted or upon it conferred that are required for carrying on its business, and the Borrower will comply in all material respects with all federal, state, and local laws, rules, regulations, ordinances, codes, and orders the failure to comply with which could have a material adverse effect on the condition, financial or otherwise, operations, properties or business of the Borrower, or on the ability of the Borrower to perform its obligations under this Security Agreement or the Loan Contract.

(b) The Borrower will not, without the prior written approval of RUS, sell, restructure, consolidate with or merge into any other corporation or other type of entity or permit any other corporation or other type of entity to restructure, consolidate with or merge into the Borrower or acquire all or substantially all of the Borrower's business or assets if such acquisition is analogous in purpose or effect to a sale, restructure, merger or consolidation.

**SECTION 9 – Maintenance of Pledged Property.**

The Borrower will at all times maintain and preserve the Pledged Property and each and every part thereof and in compliance with all applicable laws, regulations and orders, and will from time to time make all needful renewals and replacements, and useful and proper alterations, additions, betterments and improvements, and use all reasonable diligence to furnish service through the Energy Efficiency Program funded by the Loan with adequate service by the Borrower.

**SECTION 10 – Further Assurances to Confirm Security of Security Agreement.**

The Borrower will from time to time upon written demand of RUS, as reasonably requested by RUS, make, execute, acknowledge and deliver or cause to be made, executed, acknowledged and delivered all such further instruments of further assurance, and supplemental financing statements, continuation statements, security agreements, instruments and conveyances as may reasonably be requested by RUS, and take or cause to be taken all such further action as may reasonably be requested by RUS, in all cases to effectuate the intention of these presents and to provide for the securing and payment of the principal of, interest on,

and any and all other amounts payable under the Notes equally and ratably according to the terms thereof and for the purpose of fully conveying, transferring and confirming unto RUS the property hereby conveyed, and pledged, or intended so to be, whether now owned by the Borrower or hereafter acquired by it and to reflect the assignment of the rights or interests of RUS; provided, however, that nothing in this Section shall be construed as obligating the Borrower to grant a lien on any property that is not specifically subject to the terms of this Agreement.. The Borrower will cause the Security Agreement and any and all supplemental security agreements, and financing statements covering security interests, continuation statements and any additional instrument of further assurance which shall be executed pursuant to the foregoing provisions forthwith upon execution to be promptly filed and re-filed in such manner and in such places as may be required by law or reasonably requested by RUS in order to fully preserve the security for the Notes and to perfect and maintain the superior lien of the Security Agreement and all supplements and amendments, and financing statements and to preserve and protect the rights and remedies of RUS hereunder to all property comprising the Pledged Property.

The Borrower hereby irrevocably authorizes RUS at any time and from time to time to file in any jurisdiction any initial financing statements and amendments thereto that: (i) indicate the Pledged Property (1) as assets of the Borrower or words of similar effect, regardless of whether any particular asset comprised in the Pledged Property falls within the scope of Article 9 of the applicable Uniform Commercial Code, or (2) as being of an equal or lesser scope or with greater detail, and (ii) contain any other information required by the applicable Uniform Commercial Code for the sufficiency or filing office acceptance of any financing statement or amendment, including, but not limited to, whether the Borrower is an organization, the type of organization and any organizational identification number issued to the Borrower. The Borrower agrees promptly to furnish to RUS any information requested by RUS and reasonably required to prepare and make such filings. The Borrower also ratifies its authorization for RUS to have filed in any Uniform Commercial Code jurisdictions any initial financing statements or amendments thereto if filed prior to the date hereof.

**SECTION 11 – Time Extensions for Payment of Notes.**

RUS may, at any time or times in succession without notice to or the consent of the Borrower, and upon such terms as RUS may prescribe, grant to any person, firm or corporation who shall have become obligated to pay all or any part of the principal of or interest on any Note held by or indebtedness owed to RUS or who may be affected by the lien hereby created, an extension of the time for the payment of such principal or interest, and after any such extension the Borrower will remain liable for the payment of such Note or indebtedness to the same extent as though it had at the time of such extension consented thereto in writing.

**SECTION 12 – Organizational Changes.**

The Borrower covenants and agrees that it will give RUS, thirty (30) days prior to the effective date, written notice of any change in its name, mailing address, or principal place of business or any change in location of its chief place of business or the office where its records concerning accounts and contracts are kept or the state of its incorporation. The Borrower covenants and agrees that it will not, without the prior written consent of RUS, change its type of organization, the jurisdiction of its organization or other legal structure. The Borrower covenants and agrees to take any action necessary to update any necessary filings or recordings or undertaken any new filings or recordings due to such organizational change to maintain the superior lien of this Security Agreement on the Notes.

**SECTION 34 - Lender Right to Expend Money to Protect Pledged Property**

In the event of the failure of the Borrower in any respect to comply with the covenants and conditions herein contained with respect to the payment of taxes, assessments and other charges, the keeping of the Pledged Property free of liens and other claims or to comply with any other covenant contained in this the Loan Contract or this Security Agreement, RUS shall have the right (without prejudice to any other rights arising by reason of such default) to advance or expend moneys for the purpose of payment of taxes, assessments or other charges, or to save the Pledged Property from forfeiture for any unpaid tax or assessment, or otherwise, or to redeem the same from any tax, or to purchase any tax title thereon, or to remove any encumbrance thereon or to comply with any other covenant herein contained or to prosecute or defend any suit in relation to the Pledged Property or in any manner to protect the Pledged Property, and all sums so advanced for any of the aforesaid purposes with interest thereon at the highest legal rate, but not in excess of 10% per annum, shall be deemed a charge upon the Pledged Property in the same manner as the Notes at the time outstanding are secured and shall be forthwith paid to RUS making such advance or advances upon demand. It shall not be obligatory for RUS in making any such advances or expenditures to inquire into the validity of any such tax title, or of any of such taxes or assessments, or other encumbrance. RUS acting hereunder shall not be liable to the Borrower or any other party except for losses resulting from gross negligence or willful misfeasance.

**SECTION 14 - After-Acquired Property: Further Assurances: Recording**

Property of every kind of the type that is described in Section 2 and subject to the lien of this Security Agreement, acquired by the Borrower after the date hereof, shall, immediately upon the acquisition thereof by the Borrower and without any further security instrument, conveyance, or assignment, become subject to the lien of this Security Agreement; SUBJECT, HOWEVER, to Permitted Encumbrances and the exceptions, if any, to which RUS consents. Nevertheless, the Borrower will do, execute, acknowledge, and deliver all and every such further acts, conveyances, mortgages, financing statements, and assurances as RUS shall require for accomplishing the purposes of this Security Agreement.

**SECTION 15 - Security Agreement as Security for Notes; RUS as Holder**

At all times when any Note is held by RUS, or in the event RUS shall assign a Note without having insured the payment of such Note, this Security Agreement shall secure payment of such Note for the benefit of RUS or such uninsured holder thereof, as the case may be. Whenever any Note may be sold to an insured purchaser, it shall continue to be considered a "Note" as defined herein, but as to any such insured Note, RUS, and not such insured purchaser, shall be considered to be, and shall have the rights of, the Noteholder for purposes of this Security Agreement. Notice of the rights of RUS under the preceding sentence shall be set forth in all such insured Notes. The rights of RUS pursuant to this Section with respect to any Note shall not be affected by whether RUS possesses such Note, and the exercise of such rights shall not require the production of any such Note. With respect to any such Note, any necessary listing shall show the holder of all such Notes to be “United States of America, acting by and through the Administrator of the Rural Utilities Service” unless and until RUS requests that the listing show a different name (including, without limitation, in the event RUS transfers any such Note). RUS may hold Notes, and be registered as the holder thereof, in a number of different capacities, including, without limitation, as guarantor and as the actual payee of the Notes evidencing the Loan or advances made or to be made to the Borrower.

**SECTION 16 - Compliance with Loan Contract; Notice of Amendments to and Defaults under Loan Contract**

The Borrower will well and truly observe and perform all of the covenants, agreements, terms and

conditions contained in the Loan Contract, as from time to time amended, on its part to be observed or performed. The Borrower will promptly furnish RUS with written notice of the occurrence of any event of default under this Security Agreement, or the Loan Contract. For purposes of this Security Agreement, in the event of any inconsistency between the terms of this Security Agreement and the terms of the Loan Contract, the terms of the Loan Contract shall govern.

**SECTION 17 – Authorization**

(a) It is authorized that the Borrower borrow from RUS acting through the Administrator of RUS, an aggregate amount not to exceed the Loan Amount listed in Schedule 1 which may be used for such purposes as approved by RUS;
(b) It is authorized that the President is authorized on behalf of the Borrower to execute and deliver under its seal, which the secretary is directed to affix and attest, as many counterparts, respectively, as shall be deemed advisable of loan documents, including but not limited to, the Loan Contract, the Notes, the Pledged Accounts, the Deposit Account Control Agreements and all necessary documents to be filed including this Agreement;
(c) It is authorized that the separate Pledged Accounts referenced in this Agreement be opened with a bank or other depository as prescribed hereunder; and all required deposits made into said accounts, which shall be pledged to RUS and held in accordance with the applicable provisions of the Loan Documents; and
(d) It is authorized that the officers of the Borrower be, and each of them is authorized in the name and on behalf of the Borrower, to execute all such instruments, including, but not limited to the Loan Documents, make all such payments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing.

**SECTION 18 - Payment of Debt Service on Notes**

The Borrower will duly and punctually pay the principal, premium, if any, and interest on the Notes in accordance with the terms of the Notes, the Loan Contract and this Security Agreement. The Borrower may at any time make prepayments, on account of all or part of the principal of the Notes, to the extent and in the manner set forth therein and in the Loan Contract.

**SECTION 19 - Events of Default**

(a) Each of the following shall be an Event of Default under this Security Agreement:

(i) default shall be made in the payment of any installment of, or on account of, interest on or principal of (or premium, if any associated with) any Note or Notes for more than five (5) Business Days after the same shall be required to be made;

(ii) default shall be made in the due observance or performance of any other of the covenants, conditions, or agreements on the part of the Borrower, in any of the Notes, the Loan Contract, or in this Security Agreement, and such default shall continue for a period of thirty (30) days after written notice specifying such default and requiring the same to be remedied and stating that such notice is a "Notice of Default" hereunder shall have been given to the Borrower by any Noteholder;

(iii) the Borrower shall file a petition in bankruptcy or be adjudicated a bankrupt or insolvent, or shall make an assignment for the benefit of its creditors, or shall consent to the appointment of a receiver of itself or of its property, or shall institute proceedings for its reorganization or proceedings instituted by others for its reorganization shall not be dismissed within sixty (60) days after the institution thereof;

(iv) a receiver or liquidator of the Borrower or of any substantial portion of its property shall be appointed and the order appointing such receiver or liquidator shall not be vacated within sixty (60) days after the entry thereof;

(v) the Borrower shall forfeit or otherwise be deprived of its charter or franchises, permits or licenses required to carry on its business;

(vi) a final judgment for an amount greater than $25,000 (and not covered by an insurance policy of Borrower) shall be entered against the Borrower and shall remain unsatisfied or without a stay or appeal in respect thereof for a period of sixty (60) days;

(vii) any material representation or warranty made by the Borrower herein, in the Loan Contract or in any certificate or financial statement delivered hereunder or thereunder shall prove to be false or misleading in any material respect at the time made;

(viii) failure to comply with the terms of the Deposit Account Control Agreements for any of the following: the Energy Efficiency Program Account or the Loan Funds Account.

**SECTION 20 - Acceleration of Maturity; Annulment of Acceleration**

(a) If any Event of Default has occurred and is continuing, RUS, may, by notice in writing to the Borrower, declare all unpaid principal and accrued interest on any or all of their respective Notes to be due and payable immediately; and upon any such declaration, all such unpaid principal (and premium, if any) and accrued interest shall immediately become due and payable, notwithstanding anything contained herein or in any Note to the contrary.

(b) If after the unpaid principal and accrued interest on any of the Notes shall have been so declared to be due and payable, all payments in respect of principal and interest which have become due and payable by the terms of such Notes shall be paid to RUS, and all other defaults hereunder and under the Notes shall have been made good or secured to the satisfaction of RUS, and all reasonable expenses paid or incurred by RUS in connection with the acceleration shall have been paid by the Borrower; RUS which has declared the principal and interest on Notes held by RUS to be due and payable may, by written notice to the Borrower and delivery of a copy thereof to RUS, annul such declaration or declarations and waive such default(s) and consequences thereof, with such waiver not extending to or affecting any subsequent default or impairing any right consequent thereon.

**SECTION 21 - Remedies of RUS**

If any Event of Default shall occur and is continuing, RUS for itself and as the agent of the other Noteholders, personally or by attorney, in its discretion, insofar as not prohibited by law may take the following actions:

(a) RUS may take immediate possession of the Pledged Accounts and withdraw such funds from the Pledged Accounts as may be necessary to satisfy any amounts due from Borrower hereunder (including any interest, fees, charges or reimbursable expenses arising out of the Event of Default). RUS

may take possession and withdraw funds from the Pledged Accounts in the order that it determines necessary until RUS has received all amounts due from Borrower.

(b) RUS shall be entitled to proceed to protect and enforce its rights and the rights of the Noteholder(s) under this Security Agreement by suits or actions in equity or at law in any court of competent jurisdiction, whether for specific performance of any covenant or any agreement contained herein, for aid of execution of any power herein granted, or for enforcement of other appropriate legal or equitable remedies as may be deemed most effectual to protect and enforce the rights and remedies herein granted or conferred.

**SECTION 22 - RUS Appointed Attorney-in-Fact**

RUS or any of its employees or agents, is hereby constituted and appointed as true and lawful attorney-in-fact of the Borrower with full power:

(a) to notify or require the Borrower to notify any person, including, but not limited to, any and all customers, that the Pledged Property has been assigned to RUS and RUS has security interests in the Pledged Property;

(b) to sign and endorse the name of the Borrower upon any notes, checks, acceptances, drafts, money orders, or other instruments of payment (including payments made under any policy of insurance) that may come into possession of RUS, or upon any invoice, freight or express bill, bill of lading, storage or warehouse receipt, assignment, verification, or notice in connection with receivables, all in full or partial payment of any amount owing to any Noteholder;

(c) to send requests for verifications of Pledged Property to customers or account debtors; and

(d) to assign, sue for, collect, or compromise payment of all or any part of the Pledged Property in the name of the Borrower or in its/their own name, or make any other disposition of the Pledged Property, or any part thereof, for cash, credit, or any combination thereof;

granting to RUS as attorney-in-fact of the Borrower, full power of substitution and full power to do any and all things necessary to be done in and about the premises fully and effectually as the Borrower might or could do but for this appointment, and hereby ratifying all that said attorney-in-fact shall lawfully do or cause to be done by virtue hereof. RUS, its employees, or agents shall not be liable for any act, omission, error of judgment, or mistake of fact or law in its/their capacity as attorneys-in-fact. This power of attorney is coupled with an interest and shall be irrevocable during the term of this Security Agreement so long as any Notes shall remain outstanding.

**SECTION 23 – Setoff, Recoupment, and Counterclaims**

The RUS shall have the right, without prior notice to the Borrower, to exercise rights of setoff, recoupment, or any counterclaim and apply any and all amounts held or hereafter held by them, owed to the Borrower, or for the credit of the Borrower, against any and all of the Notes. The RUS agrees to notify the Borrower promptly after any such setoff or recoupment and the application thereof; provided that the failure to give such notice shall not affect the validity of such setoff, recoupment, or application. Borrower waives all rights of setoff, deduction, recoupment, or counterclaim.

**SECTION 24 - Rights under the Uniform Commercial Code**

The RUS shall have, in addition to any other rights and remedies contained in this Security Agreement or in any other Loan Documents, agreements, guarantees, notes, mortgages, instruments, and documents heretofore, now, or at any time hereafter executed by the Borrower and delivered to them, all of the rights and remedies of a secured party under the UCC in force in any jurisdiction where the Pledged Property is located or the Borrower is organized, as of the date hereof, all of which rights and remedies shall be cumulative, and nonexclusive.

To the extent that any of the property described or referred to in this Security Agreement is governed by the provisions of the UCC this Security Agreement is hereby deemed a "security agreement" under the UCC, and, if so elected by RUS, a "financing statement" under the UCC for said security agreement. The mailing addresses of the Borrower as debtor, and RUS as secured party are as set forth in Section 35 hereof. If RUS directs the Borrower to do so, the Borrower shall file a financing statement pursuant to the applicable state law and UCC for said security agreement and for the benefit of RUS, a separate instrument from this Security Agreement. In such case, the instrument to be filed shall be in a form customarily accepted by the filing office as a financing statement.

**SECTION 25 - Notice of Default**

The Borrower covenants that it will give immediate written notice to each Noteholder of the occurrence of any Event of Default or in the event that any right or remedy described in this Security Agreement is exercised or enforced or any action is taken to exercise or enforce any such right or remedy.

**SECTION 26 - Application of Proceeds from Remedial Actions**

Any proceeds or funds arising from the exercise of any rights or the enforcement of any remedies herein provided after the payment or provision for the payment of any and all costs and expenses in connection with the exercise of such rights or the enforcement of such remedies shall be applied first, to the ratable payment of indebtedness hereby secured other than the principal of or interest on the Notes; second, to the ratable payment of interest which shall have accrued on the Notes and which shall be unpaid; third, to the ratable payment of or on account of the unpaid principal of the Notes; fourth, to the ratable payment of any and all other amounts payable under the Notes; and the balance, if any, shall be paid to whomsoever shall be entitled thereto.

**SECTION 27- Remedies Cumulative; No Election**

Every right or remedy herein conferred upon or reserved to RUS shall be cumulative and shall be in addition to every other right and remedy given hereunder or now or hereafter existing at law, or in equity, or by statute. The pursuit of any right or remedy shall not be construed as an election and shall not preclude the pursuit of any other right or remedy.

**SECTION 28 - Possession until Default**

Until one or more of the Events of Default shall have happened, the Borrower shall be suffered and permitted to retain actual possession of the Pledged Property, and to manage, operate and use the same and any part thereof, with the rights and franchises appertaining thereto, and to collect, receive, take, use, and enjoy the rents, revenues, issues, earnings, income, proceeds, products, and profits thereof or therefrom, subject to the provisions of this Security Agreement.

**SECTION 29 - Defeasance**

If the Borrower shall pay or cause to be paid the whole amount of the principal of (and premium, if any) and interest on the Notes at the times and in the manner therein provided, and shall also pay or cause to be paid all other sums payable by the Borrower hereunder or under the Loan Contract and shall keep and perform, all covenants herein required to be kept and performed by it, then and in that case, all property, rights and interest hereby conveyed or assigned or pledged shall revert to the Borrower and the estate, right, title and interest of RUS so paid shall thereupon cease, determine and become void and RUS, in such case, on written demand of the Borrower but at the Borrower's cost and expense, shall enter satisfaction of the Security Agreement upon the record. In any event, RUS, upon payment in full by the Borrower of all principal of (and premium, if any) and interest on any Note held by RUS and the payment and discharge by the Borrower of all charges due to RUS hereunder or under the Loan Contract, shall execute and deliver to the Borrower such instrument of satisfaction, discharge or release as shall be required by law in the circumstances.

**SECTION 30 - Security Agreement to Bind and Benefit Successor and Assigns**

All of the covenants, stipulations, promises, undertakings and agreements herein contained by or on behalf of the Borrower shall bind its successors and assigns, whether so specified or not, and all titles, rights and remedies hereby granted to or conferred upon RUS shall pass to and inure to the benefit of the successors and assigns of RUS and shall be deemed to be granted or conferred for the ratable benefit and security of all who shall from time to time be a Noteholder. The Borrower hereby agrees to execute such consents, acknowledgments, and other instruments as may be reasonably requested by any Noteholder in connection with the assignment, transfer, mortgage, hypothecation, or pledge of the rights or interests of such Noteholder hereunder or under the Notes or in and to any of the Pledged Property.

**SECTION 31 - Amendment or Modification**

No amendment, authorization or modification of this Security Agreement shall, without the prior written agreement of the parties hereto, be made.

**SECTION 32 – Headings**

The descriptive headings of the various articles and sections of this Security Agreement were formulated and inserted for convenience only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

**SECTION 33 - Counterpart Execution**

This Security Agreement may be simultaneously executed in any number of counterparts, and all said counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

**SECTION 34 - Notice**

All communications, notices, requests, demands, consents, waivers or other modifications provided, permitted or required by this Agreement shall be communicated in writing or electronic mail or telecommunications device capable of creating a written record as specified herein, and any such notice shall become effective: (a) upon personal delivery thereof, including, without limitation, by overnight mail or courier service, (b) in the case of notice by the United States mail, certified or registered postage prepaid, return receipt requested, upon receipt thereof, or (c) in the

case of notice by electronic mail or by such a telecommunications device, upon transmission thereof, provided such transmission shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return electronic mail or other written acknowledgment) provided that, if such notice electronic mail or other communication is not sent during the normal business hours of the recipient such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, in each case addressed to each party hereto at its address set forth below or, in the case of any such party hereto, at such other address as such party may from time to time designate by written notice to the other parties hereto or to such other addresses the party hereto may from time to time designate

As to the Government:

Rural Utilities Service
U.S. Department of Agriculture
Room No. 4121 South
1400 Independence Avenue SW
Washington, D. C. 20250-1500
Attention: Administrator

Or via electronic mail to: RUSElectric@usda.gov

As to the Borrower:

**Anza Electric Cooperative, Inc.**
**58470 Hwy. 371**
**P.O. Box 391909**
**Anza, California 92539-1909**

Phone: (951) 763-4333
Email: kevins@anzaelectric.org

Attention: Mr. Kevin Short

**SECTION 35 - Severability Cause**

In case any provision of this Security Agreement shall be invalid or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired, .

**SECTION 36 - Indemnification by the Borrower of Lenders**

The Borrower agrees to indemnify and save harmless RUS against any liability or damages which it may

incur or sustain in the exercise and performance of its rightful powers and duties hereunder and under the Loan Documents,. For such reimbursement and indemnity, RUS shall be secured under this Security Agreement in the same manner as the Notes and all such reimbursements for expense or damage shall be paid to RUS with interest at the rate of the cost of funds to the United States Treasury as prescribed and published by the Secretary of the Treasury. The Borrower's obligation to indemnify RUS under this section shall survive the satisfaction of the Notes, the reconveyance or foreclosure of this Security Agreement, or any transfer or abandonment of the Pledged Property.

**SECTION 37 – Governing Law**

This Security Agreement shall be governed by, construed and enforced in accordance with, the laws of the State indicated on Schedule 1 and the laws of the United States of America, without regard to conflicts of law principles.

[ *Page Intentionally Left Blank; Signature Pages Follow*]

IN WITNESS WHEREOF the Borrower and RUS have caused this Security Agreement to be duly executed effective as of the date first set forth above.

ANZA ELECTRIC COOPERATIVE, INC.

By:_____

Title:_____

Attest:_____

Title: Secretary

**(SIGNATURE CONTINUED FROM PREVIOUS PAGE)**

UNITED STATES OF AMERICA

By: _____

Title: _____

**SCHEDULE 1**

1. "Loan" shall be in the amount of: $250,000.

2. Terms for "Note":

   Last Day for an Advance: January 5, 2034.

   Maximum Principal Amount: $250,000.

   Interest Rate: Zero Percent.

   Final Maturity Date: January 5, 2044.

3. The Loan Contract shall be by and between the Borrower and RUS and dated as of:

   January 5, 2024

4. Permitted Encumbrances shall include the following: NONE

5. State of Governing Law (Section 39): California

**EXHIBIT A**

**Form of Note**

**(See attached)**

RUS Electric RESP Note
Zero Interest

PROJECT DESIGNATION:

**California 41 AC50 Riverside**

NOTE

made by

**Anza Electric Cooperative, Inc**.

to

UNITED STATES OF AMERICA

**NOTE**

Anza, California
**January 5, 2024**

Final Maturity Date: **January 5, 2044**

1. Amount**. Anza Electric Cooperative, Inc**. (hereinafter called the "Borrower"), a corporation organized and existing under the laws of the State of Arkansas, for value received, promises to pay to the order of the UNITED STATES OF AMERICA (hereinafter called the "Government"), acting through the Administrator of the Rural Utilities Service (hereinafter called the "Administrator"), at the United States Treasury, Washington, D.C., at the times and in the manner hereinafter provided, such sums as may be advanced from time to time, not to exceed **TWO HUNDRED FIFTY THOUSAND DOLLARS AND NO CENTS ($250,000.00)**, with interest payable from the date of each advance ("Advance") on the unpaid principal balance remaining unpaid from time to time, at the rate of zero percent (0%) per annum.

2. Fund Advance Period. Funds will be advanced under this Note pursuant to this Note and a loan contract dated as of **January 5, 2024**, between the Borrower and the Government as it may be amended from time to time (the "Loan Contract"). The fund advance period for this Note begins on the date of this Note and terminates **ten (10) years** from the date of this Note (the "Termination Date"), but in no event may an Advance be made hereunder that would result in an Advance contrary to the Anti-deficiency Act, 31 U.S.C. §1341.

3. Advances. Except as provided in Paragraph 4, any Advance of loan funds to the Borrower shall be made pursuant to the terms of this Note and the Loan Contract shall not exceed 50 percent of the approved loan amount (as set forth in the Loan Contract and hereinafter "Loan Amount") in any consecutive 12-month period, and shall be amortized for a period not to exceed 10 years. Each payment for each Advance shall be made payable monthly on the last day of each month (the "Monthly Payment Date") beginning on the Monthly Payment Date following the first month after each Advance of principal. Thereafter, to and including a date not more than 10 years after the date of each Advance (the "Amortization Period"), the Borrower shall make a monthly payment ("Monthly Payment") on each Monthly Payment Date in each year and each payment shall be (a) substantially equal to all subsequent Monthly Payments and (b) in an amount that will pay all principal on the Advance no later than the Monthly Payment Date in the last month of the Amortization Period; however, in no event shall any amounts remain outstanding after the Final Maturity Date.

4. Special Advance. Pursuant to this Note and the Loan Contract, the Borrower may request a Special Advance, as defined in the Loan Contract, in an amount which shall not exceed 4 percent of the Loan Amount. Terms for the Special Advance will be as agreed to by the Government and as outlined in the Loan Contract, but No Special Advance may be made more than 10 years after the date of this Note. Repayment of the Special Advance may be deferred in full to the end of the Amortization Period for the Special Advance, but all principal on the Advance must be paid no later than the final Monthly Payment Date of the Amortization Period for the Special Advance and in no event no later than the Final Maturity Date.

5. Final Maturity Date. Notwithstanding anything in this Note or the Loan Contract to the contrary, all amounts outstanding under this Note remaining unpaid as of the Final Maturity Date shall be due and payable on the Final Maturity Date.

6. Prepayment. The Borrower on any Monthly Payment Date, as hereinabove provided, may pay all or any part of the principal hereof then advanced pursuant to the Loan Contract and remaining unpaid, but so long as any of the principal hereof advanced pursuant to the Loan Contract shall remain unpaid, the Borrower shall be obligated to make the Monthly Payment on account of principal, in the amount hereinabove provided, unless the Borrower and the holder of this Note shall otherwise agree. The Borrower may pay the principal amount of this Note in full at any time on a Monthly Payment Date without penalty by paying the full face amount of this Note to the Government.

7. Late Payments. A late charge shall be charged on any payment not made within five (5) days of the date the payment becomes due. The late charge rate shall be computed on the payment from the due date at a rate equal to the rate of the cost of funds to the United States Treasury as prescribed and published by the Secretary of the Treasury. In addition, the Borrower shall pay administrative costs and penalty charges assessed in accordance with

applicable Government regulations. Acceptance by the Government of a late payment shall not be deemed to be a waiver of any right or remedy of the Government.

8. Security. This Note has been executed and delivered pursuant to and is secured by a certain security instrument, as defined in the Loan Contract, as the same may have been amended or supplemented by any supplemental security instrument or supplemental mortgages and security instruments (said security instrument and any such supplemental mortgage(s) and security instrument(s) being hereinafter collectively called the "Security Agreement"), and may be one of several notes (the "Notes") permitted to be executed and delivered by the Borrower pursuant to the Security Agreement. The Security Agreement provides that all Notes shall be equally and ratably secured thereby and reference is hereby made to the Security Agreement for the terms regarding the security and the rights of the holders of Notes with respect thereto.

9. Default and Acceleration. In case of default by the Borrower under this Note, the Loan Contract or Security Agreement, as provided in these loan documents, all principal advanced pursuant to this Note and the Loan Contract and remaining unpaid on this Note and any other Notes at the time outstanding, and any other amounts due thereon by the Borrower, may be declared or may become due and payable in the manner and with the effect provided in the Security Agreement.

10. Noteholder. This Note evidences indebtedness created by a loan made by the Government under Section 6407 of the Farm Security and Rural Investment Act of 2002, as amended. If the Government shall at any time assign this Note and insure the payment hereof, the Borrower shall continue to make payments hereunder to the Government as collection agent for the insured holder, and, for purposes of the Security Agreement, the Government, and not such insured holder, shall be considered to be, and shall have the rights of, the noteholder.

11. Additional Notes. If the Government, at any time prior to the advance of the entire principal amount hereof on account of this Note, shall make a written endorsement hereon stating the amount advanced on account of the principal hereof, and shall notify the Borrower, in writing, of such endorsement, then the principal amount of this Note shall be deemed to be and shall become reduced to the amount specified in such endorsement, and the Borrower shall then execute and deliver to the Government one or more additional notes, in an amount or amounts designated by the Government which in the aggregate shall be equal to the then unadvanced portion of the original principal amount of this Note, such additional notes to be dated the date of execution, to be in substantially the same form, and to bear the same interest rate, as this Note. The Borrower, upon the request therefor in writing by the Government, shall execute and deliver to the Government two or more notes, in substitution for this Note, in substantially the same form and bearing the same interest rate and date (except that any such substitute note which will evidence only an unadvanced portion of this Note may, at the discretion of the Government, be dated the date of execution), in an aggregate principal amount which shall be equal to the principal amount of this Note, but in such individual principal amounts as the Government shall request; provided that (i) all payments which shall have been made on account of the principal of and interest on this Note shall be credited on account of such substitute notes and (ii) the Government shall return this Note to the Borrower upon receipt and acceptance of such substitute notes.

12. References to Regulations. References in this Note to specific Government published notices, rules or regulations will apply to corresponding provisions in future versions of such notices, rules or regulations.

13. Terms of Note Control. In the event of a conflict between the terms of this Note and the terms of the Loan Contract, the terms of this Note control.

IN WITNESS WHEREOF, the Borrower has caused this Note to be signed in its corporate or legal name and its corporate or legal seal, if any, to be hereunto affixed and attested by its officers thereunto duly authorized, all as of the day and year first above written.

**ANZA ELECTRIC COOPERATIVE, INC.**

(Seal)

By:

Title: SAMPLE NOT FOR EXECUTION

Attest:

By:

Title:

**EXHIBIT B**

**Form of Deposit Account Control Agreement(s)**

## Exhibit B Form of Deposit Account Control Agreement (DACA)

**U.S. Department of Agriculture**
Rural Utilities Services

RUS Project Designation:
California 41 AC50 Riverside

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**DEPOSIT ACCOUNT CONTROL AGREEMENT**
**For**
**Energy Efficiency Account**

This Deposit Account Control Agreement ("Agreement") is made and entered into as of _____, among Anza Electric Cooperative, Inc. ("Company"); and the UNITED STATES OF AMERICA (the "Government"), acting by and through the Administrator (together with any person succeeding to the powers and rights of the Administrator with respect to this Agreement, the "Administrator"), of the Rural Utilities Service (together with any agency succeeding to the power and rights of the Rural Utilities Service with respect to this Agreement, the "RUS" acting as "Lender"), and [Bank's Name] ("Financial Institution") with respect to the following:

A. Pursuant to that certain Security Agreement and Financing Statement dated as of January 5, 2024, by and between Company and RUS (the "Security Agreement"), Company has agreed to provide certain collateral, including, without limitation, the Deposit Account (as defined herein), to Lender to secure the Loan and the Notes (both as defined in the Security Agreement). The Security Agreement has been executed in connection with a certain loan agreement (the "Loan Contract") being made by Lender to Company, which Loan is being made by the Rural Utilities Service pursuant to Section 6407 of the Farm Security and Rural Investment Act of 2002, as amended.

B. Company has established the following deposit account with Financial Institution(whether one *or more*, individually and collectively, the "Deposit Account"):

| Name in Which Account is Maintained | Branch in which Account is Maintained / Routing Number | Account Number |
|---|---|---|
| Energy Efficiency Program Acct | xxxxxxx | xxxxx |

C. The parties hereto desire to enter into this Agreement in order to set forth their respective rights and obligations with respect to the Deposit Account and all funds on deposit therein from time to time and to perfect Lender's security interest in the Deposit Account.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements hereinafter set forth, the receipt and sufficiency of which are hereby acknowledged the parties agree as follows:

1. Effectiveness. This Agreement shall take effect immediately upon its execution by all parties hereto and shall supersede any deposit account control agreement, account opening agreement, account agreement, security agreement, or similar agreement in effect with respect to any Deposit Account.

2. Security Interest: Agency. As collateral security for Company's obligations to Lender under the Security Agreement and the other loan documents described therein, Company hereby grants to Lender a present and continuing security interest in (a) the Deposit Account, (b) all contract rights, claims and privileges in respect of the Deposit Account, and (c) all cash, checks, money orders and other items of value of Company now or hereafter paid, deposited, credited or held (whether for collection, provisionally or otherwise) to or in the Deposit Account or otherwise in the possession or under the control of, or in transit to, Financial Institution or any agent, bailee or custodian thereof for deposit in or credit to the Deposit Account and all proceeds of the foregoing (collectively, "Receipts"). Financial Institution acknowledges the security interests of Lender in the Deposit Account and Receipts and that this Agreement constitutes notice of such security interests and Financial Institution further acknowledges and agrees that it does not and shall not object to or contest the validity or first priority of Lender's security interests in such collateral.

3. Control of Deposit Account.

(a) Company and Financial Institution acknowledge and agree that Lender has control (as defined in Section 9-104 of the Uniform Commercial Code) of the Deposit Account.[1] Financial Institution will not permit the withdrawal or other disposition of any funds in the Deposit Account except as expressly provided in this Agreement.

(b) Until such time as Lender delivers a Notice of Exclusive Control (in form substantially the same as attached hereto as Exhibit A and incorporated herein by this reference) to Financial Institution, Financial Institution shall comply with instructions directing the withdrawal, payment, transfer or other disposition of funds in the Deposit Account ("Disposition Instructions") originated by Company which Company is entitled to give concerning the Deposit Account in accordance with the Loan Contract provided however, that the Financial Institution will not permit the Company to withdraw sums from the Deposit Account without the prior

[1] Pursuant to and in accordance with Section 9-104 of the Uniform Commercial Code, "control" by a secured party of a deposit account is effectuated, among other things, where the debtor, the secured party, and the Financial Institution with which the deposit account is maintained have agreed in an authenticated record that the Financial Institution will comply with instructions originated by the secured party directing disposition of the funds in the deposit account without further consent by the debtor, even if the debtor retains the right to direct the disposition of funds from the deposit account.

approval of the Lender if the credit balance remaining would be less than $2,500.00 or close the Deposit Account without the written approval of the Lender. Nothing in the foregoing shall, or shall be construed to, limit, impair, or otherwise adversely affect any of Lender's rights or remedies under the Security Agreement. A "Notice of Exclusive Control" is a written notice from Lender to Financial Institution that Lender is thereby exercising exclusive control over the Deposit Account and the funds therein; for an example, see Sample Exhibit A. Lender may, at any time deliver to Financial Institution a Notice of Exclusive Control.

(c) Within a reasonable time after Financial Institution receives a Notice of Exclusive Control in accordance with this Section 2, but in all events no later than three (3) business days after such receipt, and until the Lender has rescinded or withdrawn such Notice of Exclusive Control: (i) Financial Institution will comply solely with instructions originated by Lender with respect to the Deposit Account and any and all funds therein, including, without limitation, any stop payment orders for any items presented to the Deposit Account for payment, withdrawals from the Deposit Account or any other disposition thereof, without further consent by Company; (ii) Financial Institution will cease, without further consent of Company, complying with instructions concerning the Deposit Account or funds on deposit therein originated by Company or the representatives of Company; and (iii) Financial Institution will provide notice to Company of actions taken with respect to the Deposit Account. Without in any way limiting the foregoing, in the event of any dispute between Lender and Company, Financial Institution shall, in all circumstances after a Notice of Exclusive Control has been given, follow the directions of the Lender and shall not follow the directions of the Company.

(d) Lender is entitled to give a Notice of Exclusive Control and Financial Institution is obligated to follow the directions of Lender in respect of the Deposit Account, without any right or duty to inquire further.

(e) The Deposit Account will use Company's taxpayer identification number.

4. Fees. Company shall be responsible only for those usual and customary service charges, transfer fees, and account maintenance fees (collectively, "Fees") of Financial Institution in connection with the Deposit Account that would otherwise exist in the absence of this Agreement. Lender shall not have any responsibility or liability for the payment of any Fees.

5. Representations and Warranties. The Financial Institution represents and warrants to the Lender that the Financial Institution (i) is an organization engaged in the business of banking and is insured by the FDIC, (ii) maintains the Deposit Account as a demand deposit account(s) in the ordinary course of the Financial Institution's business and (iii) has not entered into any currently effective agreement with any person under which the Financial Institution may be obligated to comply with Disposition Instructions originated by a person other than the Company or the Lender with regard to the Deposit Account. The Financial Institution will not enter into any agreement with any person under which the Financial Institution may be obligated to comply with Disposition Instructions with regard to the Deposit Account originated by a person other than the Company or the Lender.

6. Setoff. Except for Fees of Financial Institution payable pursuant to Section 3 hereof, Financial Institution hereby agrees that Financial Institution will not exercise or claim any right of setoff or security interest or banker's lien against the Deposit Account or any Receipts on deposit therein, and Financial Institution hereby further waives any such right or lien that it may have against any Receipts deposited in the Deposit Account.

7. Limits of Financial Institution's Liability.

(a) Financial Institution will not be liable to Company (debtor) for any expense, claim, loss, damage or cost ("Damages") arising out of or relating to its performance under this Agreement other than those Damages which result directly from Financial Institution's acts or omissions constituting gross negligence or willful misconduct.

(b) Notwithstanding any of the other provisions in this Agreement, in the event of the commencement of a case pursuant to Title 11, United States Code, filed by or against Company, or in the event of the commencement of any similar case under then applicable federal or state law providing for the relief of debtors or the protection of creditors by or against Company, Financial Institution may act as Financial Institution deems necessary to comply with all applicable provisions of governing statutes and shall not be in violation of this Agreement as a result.

(c) Financial Institution shall be permitted to comply with any writ, levy order or other similar judicial or regulatory order or process concerning the Deposit Account and shall not be in violation of this Agreement for so doing.

8. Indemnity. Company will indemnify Financial Institution, its officers, directors, employees, and agents against claims, liabilities, damages, and expenses arising out of this Agreement or the Deposit Account including reasonable attorneys' fees and disbursements and the reasonable estimate of the allocated costs and expenses of in-house legal counsel and staff), except to the extent such claims, liabilities, or expenses are caused by Financial Institution's gross negligence or willful misconduct.

9. Termination. This Agreement may be terminated by Company only upon delivery to Financial Institution of a written notification jointly executed by Company and Lender. This Agreement may be terminated by Lender at any time, upon its delivery of written notice to Company and Financial Institution. This Agreement may be terminated by Financial Institution at any time on not less than 60 days' prior written notice delivered to Company and Lender. Upon delivery or receipt of such notice of termination by Financial Institution, and upon subsequent direction by the Lender, Financial Institution will immediately transmit to such deposit account as Lender may direct all funds, if any, then on deposit in the Deposit Account. Notwithstanding the foregoing, this Agreement shall terminate automatically upon payment in full of the Loan and the Notes.

10. Notices. Any notice or document required or permitted to be delivered hereunder shall be in writing and shall be effective upon (i) delivery, if personally delivered or sent by overnight courier, (ii) three business days after mailing, if mailed. All notices shall be personally

delivered, delivered by overnight courier or sent by United States Mail, postage prepaid, Certified or Registered Mail, addressed to the parties hereto at the respective addresses set forth on the signature pages, or at such other address as they have theretofore specified by written notice delivered in accordance herewith, or (iii) in the case of notice by electronic mail or by such a telecommunications device, upon transmission thereof, provided such transmission shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient. Any party hereto, at any time, by written notice given to the other in accordance with this Section, may designate a different address to which such communications shall thereafter be directed. Any notice issued or made by Lender to Financial Institution shall simultaneously be issued or made to Company. Any notice issued or made by Financial Institution shall simultaneously be issued or made to Company.

11. Deposit Account Information. The Financial Institution will provide to the Lender, whether by Internet access, to the extent that the Financial Institution has the operational ability to do so, or otherwise, a copy of each periodic account statement relating to the Deposit Account ordinarily furnished by the Financial Institution to the Company. The Financial Institution's liability for failing to provide the account statement will not exceed the Financial Institution's cost of providing the statement. The Company authorizes the Financial Institution to provide to the Lender, whether by internet access or otherwise, any other information concerning the Deposit Account that the Financial Institution may agree to provide to the Lender at the Lender's request.

12. Miscellaneous.

(a) This Agreement shall be binding on and shall inure to the benefit of the parties and their respective successors and assigns, but neither Company nor Financial Institution shall be entitled to assign or delegate any of its rights and/or duties under this Agreement without mutual agreement of all of the parties.

(b) Lender may assign its rights and/or duties under this Agreement by written notice to Financial Institution and Company and such assignment shall be effective as to Company and Financial Institution upon written notice to same.

(c) This Agreement may be executed in any number of several counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. A signature delivered by facsimile transmission or other electronic means shall be deemed the equivalent of an original signature for all purposes.

(d) This Agreement shall be governed by Federal law and the laws of the State of California.

(e) This Agreement may be amended only by a written instrument executed by Lender, Financial Institution, and Company acting by their respective duly authorized representatives.

(f) Company acknowledges that the agreements made by it and the

authorizations granted by it in this Agreement are irrevocable and that the authorizations granted in this Agreement are powers coupled with an interest.

(g) All amounts in the Deposit Account must be invested in securities or deposits issued or guaranteed or fully insured as to payment by the United States government or any agency thereof.

*[SIGNATURES ON FOLLOWING PAGES]*

In Witness Whereof, the parties hereto have executed this Agreement by their duly authorized officers as of the day and year first above written.

Anza Electric Cooperative, Inc.

**("Company")**

By: **SAMPLE NOTE FOR EXECUTION**

Name: _____

Title: _____

Address for notices:

Attn:

United States of America
**("Lender")**

By: _____

Name: _____

Title: Administrator
Rural Utilities Service

Address for notices:
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, D.C. 20250-1500
Attn: Administrator
Or via electronic mail to:
RUSElectric@usda.gov

[Bank Name]

**("Financial Institution")**

By: _____

Name: _____

Title: _____

Address for notices:

Attn:

**Sample Exhibit A**

**NOTICE OF EXCLUSIVE CONTROL**

[Letterhead of Lender]

[Date]

[Bank's Name]
Attn:
[Bank's Address]

**Re: Deposit Account Number(s): xxxxxxxxx**
**Notice of Exclusive Control**

Ladies and Gentlemen:

Reference is made to the Deposit Account Control Agreement dated as of _____ (the "**Agreement")** by and among (the **"Company"**), the **Rural Utilities Service** (as "**Lender")** and **First Security Bank** ("**Financial Institution**") regarding the above-described deposit account(s) (whether one or more, individually and collectively, the "**Deposit Account(s)"**). A copy of the Agreement is attached hereto.

In accordance with this Agreement, we hereby give you notice of our exercise of exclusive control over the Deposit Account, and we hereby instruct you to transfer collected and available funds to our account as follows:

| | |
|---|---|
| Financial Institution Name: | [Bank's Name] |
| Address: | [Address] |
| ABA Routing: | xxxxxxxxxx |
| Account No.: | xxxxxx |
| Reference: | xxxxx |

Very truly yours,

**Rural Utilities Service**
as Lender

By: _____
Name: _____
Title: _____

## Exhibit B Form of Deposit Account Control Agreement (DACA)

**U.S. Department of Agriculture**
Rural Utilities Services

RUS Project Designation:
**California 41 AC50 Riverside**

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**DEPOSIT ACCOUNT CONTROL AGREEMENT**
**For**
**Loan Funds Account**

This Deposit Account Control Agreement ("Agreement") is made and entered into as of _____, among Anza Electric Cooperative, Inc.("Company"); and the UNITED STATES OF AMERICA (the "Government"), acting by and through the Administrator (together with any person succeeding to the powers and rights of the Administrator with respect to this Agreement, the "Administrator"), of the Rural Utilities Service (together with any agency succeeding to the power and rights of the Rural Utilities Service with respect to this Agreement, the "RUS"), (acting as "Lender"); and [Bank's Name] ("Financial Institution") with respect to the following:

A. Pursuant to that certain Security Agreement and Financing Statement dated as of January 5, 2024, by and between Company and Lender (the "Security Agreement"), Company has agreed to provide certain collateral, including, without limitation, the Deposit Account (as defined herein), to Lender to secure the Loan and the Notes (both as defined in the Security Agreement). The Security Agreement has been executed in connection with a certain loan agreement (the "Loan Contract") being made by Lender to Company, which Loan is being made by the Rural Utilities Service pursuant to Section 6407 of the Farm Security and Rural Investment Act of 2002, as amended.

B. Company has established the following deposit account with Financial Institution(whether one *or more*, individually and collectively, the "Deposit Account"):

| Name in Which Account is Maintained | Branch in which Account is Maintained / Routing Number | Account Number |
|---|---|---|
| Loan Funds Account | xxxxxxx | xxxxxxx |

C. The parties hereto desire to enter into this Agreement in order to set forth their respective rights and obligations with respect to the Deposit Account and all funds on deposit therein from time to time and to perfect Lender's security interest in the Deposit Account.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements hereinafter set forth, the receipt and sufficiency of which are hereby acknowledged the parties agree as follows:

1. Effectiveness. This Agreement shall take effect immediately upon its execution by all parties hereto and shall supersede any deposit account control agreement, account opening agreement, account agreement, security agreement, or similar agreement in effect with respect to any Deposit Account.

2. Security Interest: Agency. As collateral security for Company's obligations to Lender under the Security Agreement and the other loan documents described therein, Company hereby grants to Lender a present and continuing security interest in (a) the Deposit Account, (b) all contract rights, claims and privileges in respect of the Deposit Account, and (c) all cash, checks, money orders and other items of value of Company now or hereafter paid, deposited, credited or held (whether for collection, provisionally or otherwise) to or in the Deposit Account or otherwise in the possession or under the control of, or in transit to, Financial Institution or any agent, bailee or custodian thereof for deposit in or credit to the Deposit Account and all proceeds of the foregoing (collectively, "Receipts"). Financial Institution acknowledges the security interests of Lender in the Deposit Account and Receipts and that this Agreement constitutes notice of such security interests and Financial Institution further acknowledges and agrees that it does not and shall not object to or contest the validity or first priority of Lender's security interests in such collateral.

3. Control of Deposit Account.

(a) Company and Financial Institution acknowledge and agree that Lender has control (as defined in Section 9-104 of the Uniform Commercial Code) of the Deposit Account.[1] Financial Institution will not permit the withdrawal or other disposition of any funds in the Deposit Account except as expressly provided in this Agreement.

(b) Until such time as Lender delivers a Notice of Exclusive Control (in form substantially the same as attached hereto as Exhibit A and incorporated herein by this reference) to Financial Institution, Financial Institution shall comply with instructions directing the withdrawal, payment, transfer or other disposition of funds in the Deposit Account ("Disposition Instructions") originated by Company which Company is entitled to give concerning the Deposit Account in accordance with the Loan Contract provided however, that the Financial Institution will not permit the Company to withdraw sums from the Deposit Account without the prior

[1] Pursuant to and in accordance with Section 9-104 of the Uniform Commercial Code, "control" by a secured party of a deposit account is effectuated, among other things, where the debtor, the secured party, and the Financial Institution with which the deposit account is maintained have agreed in an authenticated record that the Financial Institution will comply with instructions originated by the secured party directing disposition of the funds in the deposit account without further consent by the debtor, even if the debtor retains the right to direct the disposition of funds from the deposit account.

approval of the Lender if the credit balance remaining would be less than $100.00 or close the Deposit Account without the written approval of the Lender. Nothing in the foregoing shall, or shall be construed to, limit, impair, or otherwise adversely affect any of Lender's rights or remedies under the Security Agreement. A "Notice of Exclusive Control" is a written notice from Lender to Financial Institution that Lender is thereby exercising exclusive control over the Deposit Account and the funds therein; for an example, see Sample Exhibit A. Lender may, at any time deliver to Financial Institution a Notice of Exclusive Control.

(c) Within a reasonable time after Financial Institution receives a Notice of Exclusive Control in accordance with this Section 2, but in all events no later than three (3) business days after such receipt, and until the Lender has rescinded or withdrawn such Notice of Exclusive Control: (i) Financial Institution will comply solely with instructions originated by Lender with respect to the Deposit Account and any and all funds therein, including, without limitation, any stop payment orders for any items presented to the Deposit Account for payment, withdrawals from the Deposit Account or any other disposition thereof, without further consent by Company; (ii) Financial Institution will cease, without further consent of Company, complying with instructions concerning the Deposit Account or funds on deposit therein originated by Company or the representatives of Company; and (iii) Financial Institution will provide notice to Company of actions taken with respect to the Deposit Account. Without in any way limiting the foregoing, in the event of any dispute between Lender and Company, Financial Institution shall, in all circumstances after a Notice of Exclusive Control has been given, follow the directions of the Lender and shall not follow the directions of the Company.

(d) Lender is entitled to give a Notice of Exclusive Control and Financial Institution is obligated to follow the directions of Lender in respect of the Deposit Account, without any right or duty to inquire further.

(e) The Deposit Account will use Company's taxpayer identification number.

4. Fees. Company shall be responsible only for those usual and customary service charges, transfer fees, and account maintenance fees (collectively, "Fees") of Financial Institution in connection with the Deposit Account that would otherwise exist in the absence of this Agreement. Lender shall not have any responsibility or liability for the payment of any Fees.

5. Representations and Warranties. The Financial Institution represents and warrants to the Lender that the Financial Institution (i) is an organization engaged in the business of banking and is insured by the FDIC, (ii) maintains the Deposit Account as a demand deposit account(s) in the ordinary course of the Financial Institution's business and (iii) has not entered into any currently effective agreement with any person under which the Financial Institution may be obligated to comply with Disposition Instructions originated by a person other than the Company or the Lender with regard to the Deposit Account. The Financial Institution will not enter into any agreement with any person under which the Financial Institution may be obligated to comply with Disposition Instructions with regard to the Deposit Account originated by a person other than the Company or the Lender.

6. Setoff. Except for Fees of Financial Institution payable pursuant to Section 3 hereof, Financial Institution hereby agrees that Financial Institution will not exercise or claim any right of setoff or security interest or banker's lien against the Deposit Account or any Receipts on deposit therein, and Financial Institution hereby further waives any such right or lien that it may have against any Receipts deposited in the Deposit Account.

7. Limits of Financial Institution's Liability.

(a) Financial Institution will not be liable to Company (debtor) for any expense, claim, loss, damage or cost ("Damages") arising out of or relating to its performance under this Agreement other than those Damages which result directly from Financial Institution's acts or omissions constituting gross negligence or willful misconduct.

(b) Notwithstanding any of the other provisions in this Agreement, in the event of the commencement of a case pursuant to Title 11, United States Code, filed by or against Company, or in the event of the commencement of any similar case under then applicable federal or state law providing for the relief of debtors or the protection of creditors by or against Company, Financial Institution may act as Financial Institution deems necessary to comply with all applicable provisions of governing statutes and shall not be in violation of this Agreement as a result.

(c) Financial Institution shall be permitted to comply with any writ, levy order or other similar judicial or regulatory order or process concerning the Deposit Account and shall not be in violation of this Agreement for so doing.

8. Indemnity. Company will indemnify Financial Institution, its officers, directors, employees, and agents against claims, liabilities, damages, and expenses arising out of this Agreement or the Deposit Account including reasonable attorneys' fees and disbursements and the reasonable estimate of the allocated costs and expenses of in-house legal counsel and staff), except to the extent such claims, liabilities, or expenses are caused by Financial Institution's gross negligence or willful misconduct.

9. Termination. This Agreement may be terminated by Company only upon delivery to Financial Institution of a written notification jointly executed by Company and Lender. This Agreement may be terminated by Lender at any time, upon its delivery of written notice to Company and Financial Institution. This Agreement may be terminated by Financial Institution at any time on not less than 60 days' prior written notice delivered to Company and Lender. Upon delivery or receipt of such notice of termination by Financial Institution, and upon subsequent direction by the Lender, Financial Institution will immediately transmit to such deposit account as Lender may direct all funds, if any, then on deposit in the Deposit Account. Notwithstanding the foregoing, this Agreement shall terminate automatically upon payment in full of the Loan and the Notes.

10. Notices. Any notice or document required or permitted to be delivered hereunder shall be in writing and shall be effective upon (i) delivery, if personally delivered or sent by overnight courier, (ii) three business days after mailing, if mailed. All notices shall be personally

delivered, delivered by overnight courier or sent by United States Mail, postage prepaid, Certified or Registered Mail, addressed to the parties hereto at the respective addresses set forth on the signature pages, or at such other address as they have theretofore specified by written notice delivered in accordance herewith, or (iii) in the case of notice by electronic mail or by such a telecommunications device, upon transmission thereof, provided such transmission shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient. Any party hereto, at any time, by written notice given to the other in accordance with this Section, may designate a different address to which such communications shall thereafter be directed. Any notice issued or made by Lender to Financial Institution shall simultaneously be issued or made to Company. Any notice issued or made by Financial Institution shall simultaneously be issued or made to Company

11. Deposit Account Information. The Financial Institution will provide to the Lender, whether by Internet access, to the extent that the Financial Institution has the operational ability to do so, or otherwise, a copy of each periodic account statement relating to the Deposit Account ordinarily furnished by the Financial Institution to the Company. The Financial Institution's liability for failing to provide the account statement will not exceed the Financial Institution's cost of providing the statement. The Company authorizes the Financial Institution to provide to the Lender, whether by internet access or otherwise, any other information concerning the Deposit Account that the Financial Institution may agree to provide to the Lender at the Lender's request.

12. Miscellaneous.

(a) This Agreement shall be binding on and shall inure to the benefit of the parties and their respective successors and assigns, but neither Company nor Financial Institution shall be entitled to assign or delegate any of its rights and/or duties under this Agreement without mutual agreement of all of the parties.

(b) Lender may assign its rights and/or duties under this Agreement by written notice to Financial Institution and Company and such assignment shall be effective as to Company and Financial Institution upon written notice to same.

(c) This Agreement may be executed in any number of several counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. A signature delivered by facsimile transmission or other electronic means shall be deemed the equivalent of an original signature for all purposes.

(d) This Agreement shall be governed by Federal law and the laws of the State of California.

(e) This Agreement may be amended only by a written instrument executed by Lender, Financial Institution, and Company acting by their respective duly authorized representatives.

(f) Company acknowledges that the agreements made by it and the

authorizations granted by it in this Agreement are irrevocable and that the authorizations granted in this Agreement are powers coupled with an interest.

(g) All amounts in the Deposit Account must be invested in securities or deposits issued or guaranteed or fully insured as to payment by the United States government or any agency thereof.

*[SIGNATURES ON FOLLOWING PAGES]*

In Witness Whereof, the parties hereto have executed this Agreement by their duly authorized officers as of the day and year first above written.

Anza Electric Cooperative, Inc.

**("Company")**

By: **SAMPLE NOT FOR EXECUTION**

Name: _____

Title: _____

Address for notices:

Attn: Manager

United States of America
**("Lender")**

By: _____

Name: _____

Title: Administrator
Rural Utilities Service

Address for notices:
U.S. Department of Agriculture

1400 Independence Avenue, SW

Washington, D.C. 20250-1500

Attn: Administrator
Or via electronic mail to:
RUSElectric@usda.gov

[Bank's Name]

**("Financial Institution")**

By: _____

Name: _____

Title: _____

Address for notices:

Attn:

**Sample Exhibit A**

**NOTICE OF EXCLUSIVE CONTROL**

[Letterhead of Lender]

[Date]

[Bank Name]
Attn:
[Bank Address]

**Re: Deposit Account Number(s): xxxx**
**Notice of Exclusive Control**

Ladies and Gentlemen:

Reference is made to the Deposit Account Control Agreement dated as of _____ (the "**Agreement"**) by and among [**Borrower's Name]** (the **"Company"**), the **Rural Utilities Service** (as "**Lender")** and **[Bank's Name]** ("**Financial Institution**") regarding the above-described deposit account(s) (whether one or more, individually and collectively, the "**Deposit Account(s)"**). A copy of the Agreement is attached hereto.

In accordance with this Agreement, we hereby give you notice of our exercise of exclusive control over the Deposit Account, and we hereby instruct you to transfer collected and available funds to our account as follows:

| | |
|---|---|
| Financial Institution Name: | [Bank's Name] |
| Address: | [Address] |
| ABA Routing: | xxxxxxx |
| Account No.: | xxxxx |
| Reference: | _____ |

Very truly yours,

**Rural Utilities Service**
as Lender

By: _____
Name: _____
Title: _____

**EXHIBIT C**

**PLEDGED PROPERTY**

The “Pledged Property is further described as including all the following:

A Letter of Credit, in form and substance satisfactory to RUS, that the Borrower has entered into with an entity acceptable to RUS, that provides payment to RUS in the event of a default by the Borrower on the Note and is initially issued in the amount not less than 50 percent of the maximum outstanding balance owed by the Borrower on the Note at the time of the Letter of Credit issuance.

“

**SECRETARY'S CERTIFICATE**

I, W. A. (Chilli) Ainsworth, do hereby certify that: I am the Secretary of ANZA ELECTRIC COOPERATIVE, INC. (hereinafter called the "Corporation"), the following are true and correct copies of resolutions duly adopted by the Board of Directors of the Corporation at the regular meeting held March 28, 2024, and entered in the minute book of the Corporation; the meeting was duly and regularly called and held in accordance with the bylaws of the Corporation; the attached forms of Loan Contract (the "RESP Loan Contract"), Security Agreement (the "RESP Security Agreement"), and Deposit Account Control Agreements (the "Loan Funds Account DACA" and the "Energy Efficiency Program Account DACA", respectively) are true and exact copies of the forms thereof authorized and approved by the Board of Directors to be executed, and none of the following resolutions has been rescinded or modified:

*RESOLUTIONS*

1. RESOLVED that the Corporation borrow from the United States of America (the "Government"), acting through the Administrator of the Rural Utilities Service ("RUS"), an amount not to exceed $250,000.00 (the "RESP Loan");

2. RESOLVED that the Corporation accept the terms and conditions that the Administrator of RUS has established for the RESP Loan, as such terms and conditions are set forth;

3. RESOLVED that the President is authorized on behalf of the Corporation to execute and deliver under its corporate seal, which the Secretary is directed to affix and attest:

(a) as many counterparts respectively as shall be deemed advisable of an agreement with the Government, in substantially the form of the RESP Loan Contract submitted to this meeting; and

(b) as many counterparts respectively as shall be deemed advisable of a security agreement in favor of the Government, in substantially the form of the RESP Security Agreement submitted to this meeting; and

(c) as many counterparts respectively as shall be deemed advisable of the Loan Funds Account DACA and the Energy Efficiency Program Account DACA, respectively, in substantially the forms of the Deposit Account Control Agreements submitted to this meeting; and

4. RESOLVED that the officers of the Corporation be, and each of them is authorized in the name and on behalf of the Corporation, to execute all such instruments, make all such payments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions; and

**I FURTHER CERTIFY THAT** each member of the Board of Directors of the Corporation was furnished with notice of said meeting in compliance with the bylaws of the Corporation.

**I FURTHER CERTIFY THAT** the following are the names and signatures, respectively, of the officers of the Corporation identified below who validly held and occupied their respective positions on said date of actual execution of the documents.

| Office | Name | Signature |
|---|---|---|
| President | Ryall Stewart | |
| Vice President | Stephan Lauzier | |
| Secretary | W. A. (Chilli) Ainsworth | |
| Treasurer | Harold Burdick | |

**IN WITNESS WHEREOF** I have hereunto set my hand and affixed the seal of the Corporation this 28th day of March, 2024.

Secretary

(Corporate Seal)

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