



# Simpli-Fi Credit Application and Agreement

## APPLICANT INFORMATION

LOAN REQUEST

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APPLICANT TYPE

☐ Individual Sole Proprietorship

☐ Individual Sole Proprietorship w/DBA

☐ Corporation

☐ General Partnership

☐ Limited Partnership

☐ Joint Venture

☐ LLC

☐ Trust

Complete the applicable Primary Applicant section based on your entity type

PRIMARY APPLICANT - INDIVIDUAL			PRIMARY APPLICANT - COMPANY		
Full Legal Name (as shown on State Driver's License)			Company Legal Name		
First Name	Middle Name	Last Name	Company Name		
Address			Company State of Formation	Federal Tax ID Number	
City	State	Zip Code	Company Primary Address		
County	Mobile Phone Number		City	State	Zip Code
Primary Residence Phone Number	Work Phone Number		County	Company Primary Phone Number	
Email			Email		
Social Security Number	Date of Birth		Company Total Assets	Company Total Liabilities	
Total Assets	Total Liabilities		Company Principal Officer Name & Title		
\$	\$		Company Principal Officer Name & Title		
Marital Status <input type="checkbox"/> Married <input type="checkbox"/> Unmarried <input type="checkbox"/> Separated			Company Principal Officer Name & Title		
CO-APPLICANT			CO-APPLICANT		
Full Legal Name (as shown on State Driver's License)			Full Legal Name (as shown on State Driver's License)		
First Name	Middle Name	Last Name	First Name	Middle Name	Last Name
Address			Address		
City	State	Zip Code	City	State	Zip Code
County	Mobile Phone Number		County	Mobile Phone Number	
Primary Residence Phone Number	Work Phone Number		Primary Residence Phone Number	Work Phone Number	
Email			Email		
Social Security Number	Date of Birth		Social Security Number	Date of Birth	
Total Assets	Total Liabilities		Total Assets	Total Liabilities	
\$	\$		\$	\$	
Marital Status <input type="checkbox"/> Married <input type="checkbox"/> Unmarried <input type="checkbox"/> Separated			Marital Status <input type="checkbox"/> Married <input type="checkbox"/> Unmarried <input type="checkbox"/> Separated		

☐ Additional Co-Applicant information made as a part herein and shown on Exhibit A.

## CROP INFORMATION\*\*

Crop	Total Acres	Producers Share (%)	Approved Yield	Insurance Plan*	% Coverage Level	% Crop Fed***

\* Insurance plan = RP, YP, ARH, APH, ARP, AYP, Hail Only, CAT, None

\*\* Crop value is based on CFA established Crop Price guide

\*\*\* Percentage of crop that will be fed to livestock

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## MASTER CREDIT AGREEMENT

### Definitions.

- (a) "Agreement" means the Loan Agreement, Promissory Note, Security Agreement, Commitment Letter and any other document or agreement Lender may now or hereafter require in connection with a Loan, together with any subsequent amendments or modifications of any of the foregoing.
- (b) "Association" means the agribusiness serving as Lender's agent in submitting the Loans.
- (c) "Borrower" means, collectively, all individuals, sole proprietorships, trusts, corporations, limited liability companies, partnerships or other legal entities executing this Agreement or any supplement hereto as a Primary Applicant, Co-Applicant, or entity, their respective successors and permitted assigns, and all general partners of a partnership, all of whom shall be jointly and severally liable for payment and performance of the Obligations.
- (d) "Collateral" means the property, as described in Section C. 1. of this Agreement, pledged to secure payment and performance of the Obligations.
- (e) "Commitment Letter" means, with respect to any Loan, the letter sent to the Borrower from Lender and/or Association specifying the terms of such Loan.
- (f) "Credit Application" means the credit application form and all supplements thereto, completed, executed, and submitted by Borrower to Lender to apply for credit to be evidenced by this Agreement.
- (g) "Events of Default" means any such occurrence as is defined in this Agreement under Section A. 4.
- (h) "Farm Products" means any of the Collateral that constitutes farm products under Article 9 of the Uniform Commercial Code.
- (i) "Index Rate" means, with respect to a Loan, the interest rate which The Cooperative Finance Association, Inc. publishes from time to time as the interest rate for its Simpli-Fi Credit loan borrowers, which as of the date hereof is referred to as the Field Finance Rate in such publications (can be found at [www.cfafs.com/interest-rates](http://www.cfafs.com/interest-rates)) or such successor or replacement index rate as may be selected by Lender from time to time and described in the applicable Commitment Letter for such Loan.
- (j) "Lender" means The Cooperative Finance Association, Inc.
- (k) "Loan" means the loan described in a Commitment Letter which Lender, subject to the terms and conditions of this Agreement, to make to Borrower, as such loan may be amended, modified, renewed or extended from time to time. The term "Loans" means, collectively, every Loan made pursuant to this Agreement and the applicable Commitment Letter.
- (l) "Loan Agreement" means the terms, conditions, and provisions of this Agreement identified as Section A, together with any subsequent amendments or modifications.
- (m) "Loan Commitment" means, with respect to a Loan, the maximum aggregate amount, as defined by Lender in the applicable Commitment Letter, of advances available to be disbursed on such Loan.
- (n) "Maturity Date" means, with respect to a Loan, the date, as defined by Lender in the applicable Commitment Letter, the principal of such Loan shall be payable.
- (o) "Obligations" means all debts, liabilities, obligations, covenants, and agreements now or hereafter owed to Lender by any Borrower solely or by any Borrowers jointly or jointly and severally, including all future advances from Lender to Borrower (or any one or more of them) and all future indebtedness and obligations of Borrower (or any one or more of them) to Lender.
- (p) "Promissory Note" means the terms, conditions, and provisions of this Agreement identified as Section B, together with any subsequent amendments or modifications.
- (q) "Security Agreement" means the terms, conditions, and provisions of this Agreement identified as Section C, together with any subsequent amendments or modifications.
- (r) "Security Interest" means the security interest granted in the Collateral as provided in Section C herein.

### Section A

#### LOAN AGREEMENT

**1. The Loan.** Subject to the terms and conditions herein, with respect to each Loan, Lender agrees to make advances to or for the benefit of Borrower in an aggregate amount not to exceed the Loan Commitment for such Loan. This Agreement serves as a master credit agreement and each Loan shall be governed by the terms and conditions of this Agreement. Borrower's obligation to repay each Loan is governed by the terms of this Agreement. At the time of the initial disbursement under a Loan, Borrower shall pay to Lender a loan application fee in the amount specified by Lender in the applicable Commitment Letter.

**2. Disbursement.** The proceeds of each Loan shall be disbursed for the account of Borrower from time to time upon evidence satisfactory to Lender that such proceeds are to be used by Borrower consistent with the representations in the Credit Application, for actual expenses incurred by Borrower from Association, and as otherwise directed by Borrower and agreed to by Lender. Borrower shall in no case use any of the funds of any Loan for purposes other than agricultural production. Borrower's request for proceeds of a Loan shall constitute Borrower's agreement to the terms of this Agreement, including, without limitation, the applicable Commitment Letter. Borrower specifically agrees that Lender may disburse money to pay for any fees Lender charges in connection with the making of a Loan or the taking or perfection of the Security Interest. Lender shall not have any obligation to advance any funds to Borrower in the event that:

- (a) there occurs an Event of Default (as defined below) or there exists any condition or event that with the passage of time or the giving of notice or both would constitute an Event of Default (as defined below),
- (b) there occurs any material adverse change in Borrower's business prospects or financial condition from that set forth in the information supplied to Lender in connection with any Loan,
- (c) Borrower shall be in default in the payment or performance of any Obligations, or
- (d) Lender discovers that a Loan fails to satisfy Lender's underwriting standards.

**3. Covenants.** Borrower covenants that it shall perform as follows:

- (a) Borrower shall notify Lender within seven (7) days of any change of Borrower's principal residence (if Borrower is an individual), jurisdiction of organization (if Borrower is a registered organization as defined in Article 9 of the Uniform Commercial Code) or chief executive office.
- (b) At all reasonable times, Borrower shall permit Lender or its representatives to examine or inspect any Collateral wherever located, and to examine or inspect and copy Borrower's books and records pertaining to the Collateral and its business and financial condition.
- (c) Borrower shall keep accurate and complete records pertaining to the Collateral and pertaining to Borrower's business and financial condition and submit to Lender such periodic reports concerning the Collateral and Borrower's business and financial condition as Lender may from time to time reasonably request.
- (d) Borrower shall promptly notify Lender of any loss of, or material damage to, any Collateral or of any adverse change known to Borrower in the prospect of payment of any sums due on or under any instrument, chattel paper, account or contract right constituting Collateral.
- (e) Borrower shall, to the extent permitted by applicable law, pay when due or reimburse Lender on demand for any and all fees and costs (including in each case all attorneys' fees and costs) incurred by Lender in connection with the collection of amounts owing by Borrower to Lender under this Agreement, the creation, continuance or enforcement of this Agreement, the perfection, satisfaction or enforcement of the Security Interest, and the inspection, appraisal, verification, protection, preservation, restoration, collection, sale, manufacture, or liquidation or other disposition of or realization upon the Collateral.
- (f) Borrower shall execute, deliver, or endorse (or cause to be executed, delivered or endorsed) any and all instruments, assignments, security agreements and other agreements and writings which Lender may at any time reasonably request in order to secure, protect, perfect or enforce the Security Interest and Lender's rights under this Agreement.

(g) Borrower shall not use any of the proceeds of any Loan for a purpose that shall contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as explained in Exhibit M of Subpart G of Part 1940 of Title 7 of the Code of Federal Regulations, if such Loan was made in conjunction with a United States Department of Agriculture, Farm Service Agency subordination.

(h) Borrower shall not reincorporate or reorganize itself under the laws of any jurisdiction other than the jurisdiction in which it is incorporated or organized as of the date hereof without the prior written consent of Lender.

**4. Borrower** shall use proceeds of the Loans solely for business purposes and not for personal, family, or household purposes. Events of Default. Each of the following occurrences shall constitute an event of default under this Agreement:

- (a) Borrower shall fail to pay, when due, any amount required hereunder or under any other obligation of Borrower to Lender, or shall fail to observe or perform any other Obligations;
- (b) any warranty, representation, agreement or statement made or furnished to Lender by or on behalf of Borrower proves to have been false in any material respect when made or furnished, or with the passage of time becomes false;
- (c) Borrower shall default in the payment of any debts or obligations to third parties;
- (d) Borrower shall fail to satisfy any final judgment, decree or order against Borrower which has not been stayed or appealed within 30 days after the entry thereof;
- (e) Borrower or any guarantor of any Obligations shall:
- (f) fail to conduct its business substantially as now conducted;
- (g) be or become insolvent or generally fail to pay its debts as they become due;
- (h) file or have filed against it, voluntarily or involuntarily, a petition in bankruptcy or for reorganization under the United States Bankruptcy Code;
- (i) initiate or have initiated against it, voluntary or involuntarily, any act, process or proceeding under any insolvency law or other statute or law providing for the modification or adjustment of the rights of creditors;
- (j) if any substantial portion of the assets of Borrower are sold, transferred or conveyed or if the Borrower is a corporation or other entity, the majority of the stock or other equity interests of Borrower is sold, transferred or conveyed;
- (k) if Borrower is a corporation or other entity, such corporation or entity is dissolved or liquidated or, if a partnership, suffer the death of a partner or, if an individual, die;
- (l) Lender shall in good faith believe that the prospect of due and punctual payment of any Obligation is impaired.

**5. Remedies.** Upon the occurrence of an Event of Default and at any time thereafter, Lender may, at its option, exercise any one or more of the following rights or remedies:

- (a) For each Loan, reduce the Loan Commitment available for disbursement to an amount which, in Lender's sole determination, when aggregated with all other loans outstanding hereunder, will be supported by the Collateral;
- (b) declare all unmatured Obligations to be immediately due and payable, and the same shall thereupon be immediately due and payable, without presentment or other notice or demand;
- (c) exercise and enforce any or all rights and remedies available upon default to a secured party under the Uniform Commercial Code, including but not limited to, the right to take possession of any Collateral (and, if appropriate, complete the grazing, fattening or other farming operations in connection with the Collateral preparatory to its disposition), proceeding without or by judicial process (without a prior hearing or notice thereof, which Borrower hereby expressly waives), and the right to sell, lease or otherwise dispose of any or all of the Collateral, and in connection therewith, Lender may require Borrower to assemble the Collateral and make it available to Lender at a place to be designated by Lender which is reasonably convenient to both parties, and if notice to Borrower of any intended disposition of Collateral or any other intended action is required by law in a particular instance, such notice shall be deemed commercially reasonable if given (in the manner specified herein) at least 10 calendar days prior to the date of intended disposition or other action, provided, that, no such notice shall be required if the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market;
- (d) exercise or enforce any or all of the rights and remedies available to Lender by law, equity or agreement against the Collateral, against Borrower or against any other person or property.

**6. Notices.** All notices, requests, demands, and other communications hereunder shall be deemed to be duly given if delivered by hand or if mailed by certified or registered mail with postage prepaid as follows:

If to Borrower: At the address shown for Primary Applicant in the Credit Application. If to Lender:

The Cooperative Finance Association, Inc.  
11500 N. Ambassador Drive, Suite 300  
Kansas City, Missouri 64153-1144

or to such other address as either party may provide to the other in writing.

**7. Electronic Documentation, Communications and Periodic Statements.** This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which shall constitute an original, but all of which when taken together shall constitute one and the same agreement. Delivery and receipt of an executed signature page to this Agreement by facsimile or in electronic format (i.e., ".pdf" or ".tif") shall be effective as delivery of a manually executed counterpart of this Agreement. Any electronic records of this Agreement maintained by Lender shall be deemed to be originals of this Agreement. Borrower acknowledges and agrees that this Agreement may, at the option of the Lender, be converted by any digital or electronic method or process to an electronic record or subsequently further converted or migrated to another electronic record format or electronic storage medium. Borrower acknowledges and agrees that any electronic record of this Agreement shall have the same legal force and effect as the paper documents from which it was converted. Borrower agrees that a printed or digitally reproduced copy of the electronic record shall be given the same legal force and effect as a signed writing.

You agree that any of the Communications we provide to you may be in electronic form, including, but not limited to, all monthly periodic statements. All Communications that we provide to you in electronic form will be delivered either (1) via e-mail or (2) by your accessing a website that we will designate in an e-mail, text message or other electronic notice we send to you at the time the Communication is available. "Communications" means each disclosure, notice, agreement, undertaking, fee schedule, period statement, record, document or other information we provide to you. To the extent permitted by applicable law, Borrower hereby agrees not to assert, and hereby waives, any claim against Lender for any damages arising from the use by others of information or materials obtained through telecommunications, electronic or other information transmission systems (including, without limitation, the Internet).

**8. Notice of Assignment.** Obligations under this Loan Agreement and one or more related promissory notes have been pledged to CoBank, ACB, as administrative agent ("Administrative Agent") for the benefit of the lenders from time to time (collectively, the "Banks") to Lender under that certain Amended and Restated Credit Agreement dated as of May 13, 2022, by and among the Lender, Administrative Agent, any Guarantors hereafter party thereto and the Banks, and may be transferred or assigned to the Administrative Agent. The Borrower hereby consents to such pledge and any resulting transfer or assignment and further acknowledges and agrees that in the event of such transfer or assignment: a) all rights, powers, and remedies with respect to loans made pursuant to this Loan Agreement will be transferred to the Administrative Agent, and the Borrower will comply accordingly; b) all representations, warranties, and covenants will be deemed to be made directly to the Administrative Agent for the Administrative Agent's benefit; c) the Borrower will direct all reports, notices, and communications with respect to this Loan Agreement (including without limitation, financial reports and notices related to borrowing, fixing rates, covenants, and defaults) to the Administrative Agent; d) the Borrower will make all payments as directed by the Administrative Agent; and e) all payments shall be made irrespective of, and without deduction for, any counterclaim, defense, recoupment, or setoff and the Borrower will not seek to recover from the Administrative Agent for any such payment once made. Any transfer of this Loan Agreement, other than to the Administrative Agent, will violate the rights of the Administrative Agent, as secured party unless the Administrative Agent consents to such transfer in writing.

**9. Miscellaneous.** Borrower hereby authorizes Lender to provide such information regarding this Agreement to agricultural suppliers and manufacturers, or other third parties, as requested by Association. The provisions of this Agreement may be waived, modified, amended, terminated, or discharged, and the Security Interest may be released, only explicitly in writing signed by Lender. A waiver signed by Lender shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of Lender's rights or remedies. All rights and remedies of Lender shall be cumulative and may be exercised singularly or concurrently, at Lender's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. Lender's duty of care with respect to Collateral in its possession (as imposed by law) shall be deemed fulfilled if Lender exercises reasonable care in physically safekeeping such Collateral or, in the case of Collateral in the custody or possession of a bailee or other third person, exercises reasonable care in the selection of such bailee or other third person, and Lender need not otherwise preserve, protect, insure or care for any Collateral. Lender shall not be obligated to preserve any rights Borrower may have against prior parties, to realize on the Collateral at all or in any particular manner or order or to apply any cash proceeds of Collateral in any particular order of application. This Agreement shall be binding upon and inure to the benefit of Borrower and Lender and their respective heirs, representatives, successors, and assigns. This Agreement shall take effect when signed by Borrower and delivered to and countersigned or otherwise agreed to in writing by Lender, and Borrower waives notice of Lender's acceptance hereof. A carbon, photographic or other reproduction of a financing statement or of this Agreement (if this Agreement otherwise meets the requirements of a financing statement) shall be sufficient as a financing statement. Lender may at any time grant to one or more banks or other financial institutions participating interests in this Agreement. In the event of any such grant of a participating interest, Lender will remain responsible for the performance of its obligations hereunder and Borrower will continue to deal solely and directly with Lender. Borrower agrees to provide all assistance reasonably requested by Lender to enable Lender to either grant participations or make assignments in this Agreement. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Obligations. If this Agreement is signed by more than one person as Borrower all property described in Section C. 1. shall be included as part of the Collateral, whether it is owned jointly by both or all Borrowers or is owned in whole or in part by one (or more) of them. Borrower hereby acknowledges and agrees that a request by Borrower for any advance of proceeds of any loan described in any Commitment Letter will (a) be deemed acceptance by the Borrower of the terms of such Commitment Letter without any requirement that Borrower otherwise sign or execute such Commitment Letter and (b) constitute a valid, binding and effective amendment, modification and/or supplement to the terms of this Agreement enforceable against Borrower in all respects.

## **Section B**

### **PROMISSORY NOTE**

FOR VALUE RECEIVED, the undersigned Borrower hereby promises to pay to the order of Lender, at its office designated below or at such other place as the holder hereof may, from time to time, designate in writing, the following designated principal and interest in the manner set forth below, without setoff, deduction or counterclaim:

**PRINCIPAL:** Each Loan is a multiple advance, non-revolving commitment. With respect to each Loan, the amount of principal initially advanced hereunder together with any additional advance hereafter shall not exceed the applicable Loan Commitment. Each request for an advance under a Loan shall be made either by the Association on behalf of Borrower or by Borrower to Lender and Lender shall be entitled to rely on any such advance request which Lender believes in good faith to have been sent by the Association on behalf of Borrower or by Borrower or an authorized representative of the Association or Borrower and Borrower shall be fully liable for repayment of any advance made by Lender in reliance on such request. All advances made hereunder by Lender and all payments made on account of principal and interest hereof shall be reflected in a monthly statement provided to Borrower by Lender; provided, however, that the failure to so reflect any advance or payment shall not limit or otherwise affect the obligations of Borrower under this Promissory Note. No amounts shall be advanced after the 25th day of the month immediately prior to the Maturity Date.

**INTEREST:** Interest on the outstanding principal balance of each Loan shall be payable from the date of disbursement to and including the date the principal balance of such Loan is paid in full at a rate per annum equal to the lesser of (i) the interest rate set forth in the applicable Commitment Letter, or (ii) the maximum rate permitted by applicable law. Upon the occurrence of an event of default under this Agreement (including, without limitation, an event of default arising from Borrower's failure to repay the Loan in full on the applicable Maturity Date), interest on the outstanding principal balance hereof will accrue at a rate per annum equal to the Index Rate plus 7.50%. With respect to each Loan, the initial interest rate hereon, unless fixed, shall be based on the Index Rate in effect on the date of the first disbursement hereunder and shall change as a result of any change in the Index Rate immediately and simultaneously with each change in the Index Rate. Interest shall be computed on the basis of the actual number of elapsed days and a 360-day year.

An incentive interest rate may be available, and if available, such incentive interest rate will be disclosed in the applicable Commitment Letter. The interest rate stated in the applicable Commitment Letter shall be the interest rate in effect on the related Loan, except interest accruing upon the occurrence of an event of default under this Agreement shall remain as provided above.

**SPECIAL INTEREST RATES:** Borrower understands and agrees that Association may agree to provide one, or more, incentive interest rates for certain disbursements used for specific purposes. Borrower acknowledges that the requirements and conditions for any disbursements qualifying for any such incentive interest rates are set by Association, and not Lender. Borrower further acknowledges receipt of, understands, and agrees to comply with such requirements and conditions. Borrower further acknowledges and agrees that compliance with such requirements and conditions shall be determined by Association, in its sole discretion. Borrower understands that all advances made under a Special Interest Rate shall be reflected in a monthly statement provided to Borrower by Lender, and Borrower acknowledges, and agrees that such interest rate is effective as to such advances.

**SPECIAL INTEREST TERMS:** Interest on the principal of each Loan shall be payable from the date of disbursement to and including the "End Date" as provided in the applicable Commitment Letter. In the event that Association determines that Borrower has failed to comply with such requirements and conditions, then the Special Interest Rates shall not be in effect and the Interest Rate shown in the applicable Commitment Letter shall apply to amounts advanced. Lender shall have no duty of notice to Borrower of such determination.

Upon the occurrence of an Event of Default then the Special Interest Rates shall not be in effect and the interest rate shown above in the Interest section shall apply to amounts advanced. Any Disbursements not qualifying for the Special Interest Rates requirements and conditions shall be subject to the interest rate shown above in the Interest section.

**PRINCIPAL PAYMENT:** With respect to each Loan, the principal of this Promissory Note shall be payable on the applicable Maturity Date.

**INTEREST PAYMENT:** Interest on principal balance of each Loan shall be payable on the applicable Maturity Date, including maturity by acceleration after default, or upon demand, if applicable.

**PREPAYMENT:** This Promissory Note may be prepaid in full or in part at any time without premium or penalty of any kind.

**PLACE OF PAYMENT:** All payments of principal and interest shall be made in lawful currency of the United States of America at the following address:

The Cooperative Finance Association, Inc.

P.O. Box 842702

6<sup>th</sup> Floor Lockbox

Kansas City, Missouri 64184-2702

or at such other place as the holder hereof may from time to time, designate in writing.

**PURPOSE OF LOAN:** Borrower hereby warrants and represents that the proceeds of each Loan shall be used solely for business purposes for agricultural production.

**SET-OFF:** Lender may at any time before or after default exercise its right to set off all or any portion of the indebtedness evidenced hereby against any liability or indebtedness of Lender to Borrower (whether owned by Borrower alone or in conjunction with any other person or entity, provided that Borrower has a beneficial interest therein) without prior notice to Borrower.

**DEFAULT AND ACCELERATION:** Borrower shall be in default upon the occurrence of any one or more of the events enumerated in Section A.4 above. Upon the occurrence of an Event of Default, Lender may, at its option, declare the entire unpaid balance of principal and interest on this Promissory Note, as well as the unpaid principal and interest on any other indebtedness or liability of Borrower to Lender, immediately due and payable without notice or demand.

**NOTICE OF ASSIGNMENT:** Obligations under this Promissory Note have been pledged to CoBank, ACB, as administrative agent ("Administrative Agent") for the benefit of certain lenders from time to time (collectively, the "Banks") to Lender under that certain Amended and Restated Credit Agreement dated as of May 13, 2022, by and among the Lender, Administrative Agent, any Guarantors hereafter party thereto and the Banks, and may be transferred or assigned to the Administrative Agent. In the event of such a transfer or assignment, the Administrative Agent will receive all of the rights, powers, and remedies of Lender. Any transfer of this Promissory Note, other than to the Administrative Agent, will violate the rights of the Administrative Agent as secured party unless the Administrative Agent consents to such transfer in writing.

**MISCELLANEOUS TERMS:** Demand, presentment, protest and notice of nonpayment and dishonor of this Promissory Note are hereby waived.

Unless otherwise agreed and for so long as Borrower is not in default hereunder, all payments made by Borrower to Lender in connection with the indebtedness evidenced by this Promissory Note shall be applied first toward all amounts owed to Lender under the Loan Documents, other than amounts owed under this Promissory Note, next toward payment of any late charges, next toward payment of attorneys' fees and costs of collection, if any, next toward payment of accrued interest on each Loan outstanding hereunder in such order and manner as Lender may elect, and finally toward principal of each Loan outstanding hereunder in such order and manner as Lender may elect. After the occurrence of any Event of Default, any and all sums received from or for the account of Borrower shall be applied to any Obligation, whether evidenced by this Promissory Note or otherwise, in such order as Lender may elect. Notwithstanding the foregoing, prior to or after the occurrence of an Event of Default, Lender may agree to apply payments received hereunder in such order and manner as Lender and Borrower may mutually agree from time to time.

Notwithstanding anything to the contrary herein, the interest rate hereon shall not exceed the maximum rate, if any, permitted by applicable law to be contracted by Borrower for the purposes set forth herein.

**South Dakota Statutory Disclosures:** Per the requirements of SDCL 54-4-58. This loan will not be extended or refinanced without written acknowledgement from The Cooperative Finance Association, Inc.

Any improprieties in making the loan or in loan practices may be referred to the South Dakota Division of Banking at 1714 Lincoln Avenue, Suite 2, Pierre, SD 57501 or via phone at 605-773-3421.

## Section C

### SECURITY AGREEMENT

**1. SECURITY INTEREST AND COLLATERAL.** To secure the payment and performance of the Obligations, Borrower hereby grants Lender a security interest (herein called the "Security Interest") in the following Collateral, whether now owned or hereafter acquired by Borrower and wherever located, and all products and proceeds thereof:

(a) Crops, whether annual or perennial, whether grown, growing or to be grown, and whether harvested or unharvested, the products and proceeds thereof and stored grain (including all of the foregoing designated as inventory) and any negotiable or nonnegotiable documents, scale tickets and the like resulting from the storage thereof; also seed, fertilizer, chemicals, and other supplies used or produced by Borrower in farming operations;

(b) Accounts, contract rights (including proceeds from insurance policies covering the other Collateral), instruments, documents, chattel paper (whether tangible or electronic), investment property, documents, deposit accounts, letter-of-credit rights and supporting obligations, and general intangibles (including, without limitation, patents, trademarks, copyrights and other intellectual property and goodwill and payment intangibles), whether now owned or hereafter acquired and wherever located; hedging and commodity accounts or agreements, now or hereafter or in effect, together with all rights in and to such accounts or agreements and all payments due or to become due thereunder.

(c) Livestock (including livestock in gestation) and their young, products and proceeds and progeny thereof and produce thereof, including all livestock designated as inventory; also feed, medicines and other supplies used or produced by Borrower in farming operations; also accounts, contract rights (including proceeds from insurance policies covering the other Collateral), instruments, documents and general intangibles, whether now owned or hereafter acquired and wherever located; hedging and commodity accounts or agreements, now or hereafter or in effect, together with all rights in and to such accounts or agreements and all payments due or to become due thereunder; and

(d) All of Borrower's inventory, goods, equipment and machinery, and all accessions and attachments thereto and replacements and substitutions, therefore.

(e) Borrower shall not remove any of the Collateral from locations disclosed in this Agreement, nor sell, convey or encumber said Collateral, provided, however, that Borrower may sell said Collateral or any part thereof if, and only if: (i) the proceeds of such sale are made payable jointly to Lender and Borrower if requested by Lender, it being specifically understood and agreed that all Obligations secured by the Collateral to the extent of the sale price shall be due and payable at the time of such sale; and (ii) Borrower sells the Collateral only to buyers listed on the Credit Application if required pursuant to the terms of Subsection 2(c) below.

**2. REPRESENTATIONS, WARRANTIES AND AGREEMENTS.** Borrower represents, warrants, and agrees as follows:

(a) Borrower owns the Collateral, and the Collateral shall be used primarily for farming operations or produced from farming operations.

(b) If Borrower is not an individual, Borrower's chief executive office is at the address of Borrower shown at the beginning of this Agreement. If Borrower is organized under the laws of a State, the State under which it is organized is the State shown at the beginning of this Agreement.

(c) If Lender requires that Borrower's Credit Application contain the names and addresses of all buyers, commission merchants and selling agents to or through whom Borrower may sell Farm Products, Borrower shall not sell any Farm Products to or through anyone else. Borrower shall supplement the list of potential buyers, commission merchants and selling agents whenever necessary or requested by Lender. Borrower authorizes Lender to notify any and all potential buyers, commission merchants and selling agents named in the Credit Application of Lender's interest in Farm Products and to take any other measures required or allowed by law to perfect and protect Lender's interest in Farm Products. Borrower understands that if Borrower sells any farm products to or through a person not listed on the Credit Application, or as later supplemented, Borrower may be assessed a fee in an amount of the greater of \$5,000.00 or 15% of the sale price of Farm Products, unless Borrower notifies Lender in writing at least seven (7) days prior to such sale of the identity of the buyer, commission merchant or selling agent to or through whom such Farm Products are being sold,

or unless Borrower accounts to Lender for the proceeds of such sale not later than ten (10) days after such sale. Nothing set forth in this subsection shall obviate the covenants and agreements of Borrower to fulfill the requirements of this paragraph.

- (d) Borrower shall notify Lender within seven (7) days of any significant changes in either the value of the Collateral or the types of items which constitute Collateral.
- (e) Borrower shall notify Lender within seven (7) days of the receipt or creation of any and all payments, rights, and contracts arising from or relating to the Collateral.
- (f) Borrower shall not permit any tangible Collateral to be located or relocated in any state (and, if county filing is required, in any county) in which a financing statement covering such Collateral is required to be, but has not in fact been, filed in order to perfect the Security Interest. Borrower shall obtain the written consent of the Lender prior to the removal or relocation of any tangible Collateral.
- (g) Borrower shall not change its name or merge with any other entity or otherwise change or modify its business structure or organization without prior written notice to Lender and consent of Lender thereto. Borrower shall not change the jurisdiction in which it is organized without the prior written consent of Lender.
- (h) Unless Lender notifies Borrower in writing that it waives any one or more of the following requirements, Borrower shall:
  - i) keep all Collateral free and clear of all security interests, liens and encumbrances except the Security Interest,
  - ii) not sell or otherwise dispose of the Collateral or any interest therein,
  - iii) if Lender at any time so requests (whether the request is made before or after the occurrence of an Event of Default), promptly deliver to Lender any instrument, document or chattel paper, constituting Collateral, duly endorsed or assigned by Borrower, and
  - iv) not permit any tangible Collateral to become part of or affixed to any real property without first assuring to the reasonable satisfaction of Lender that the Security Interest shall be prior and senior to any interest or lien then held or thereafter acquired by any mortgagee of such real property or the owner or purchaser of any interest therein. The reference to "proceeds" herein shall not be deemed to constitute an authorization to sell or dispose of Collateral.
- (i) Borrower shall, at the request of Lender, execute and deliver to Lender any financing statements or other notices that Lender may desire in order to perfect the Security Interest. In the event any of the Collateral shall be delivered to a warehouseman or other bailee for storage or any other purpose, Borrower shall cause any negotiable or nonnegotiable document, warehouse receipt, scale ticket or other writing evidencing such storage to be issued in the name of Lender and to be immediately delivered to Lender.
- (j) Borrower shall, at its sole cost and expense, keep and maintain the Collateral insured for its full insurable value against all hazards and risks ordinarily insured against. All policies of insurance on the Collateral shall be in form, with insurers and in such amounts as may be satisfactory to the Lender. Borrower shall deliver to the Lender the original (or a certified copy) of each policy of insurance and evidence of payment of all premiums, therefore. Such policies of insurance shall contain an endorsement, in form satisfactory to the Lender, showing loss payable to the Lender. Such endorsement or an independent instrument furnished to the Lender, shall provide that the insurer shall give the Lender at least thirty (30) days' prior written notice before any such policy or policies of insurance shall be altered or canceled and that no act or default of Lender or any other person shall affect the right of the Lender to recover under such policy or policies of insurance in case of loss or damage. Borrower hereby directs all insurers under such policies of insurance to pay all proceeds payable thereunder directly to the Lender.
- (k) Borrower authorizes Lender to file financing statements and continuation statements and amendments thereto with respect to the Collateral without authentication by Borrower and Borrower consents to and ratifies all such filings made by the Lender prior to the date hereof. Such authorization includes the filing of a financing statement utilizing any category of collateral set forth in the applicable Uniform Commercial Code including an "all assets" filing.

**It is mutually agreed by and between Borrower and Lender that the respective parties waive trial by jury in any action, proceeding or counterclaim brought by either of the parties against the other on any matter whatsoever arising out of or in any way connected with this Agreement, the loans and advances secured hereby, and the debtor- creditor relationship between Borrower and Lender.**

**Borrower hereby agrees that it shall not attempt to set off any claims it may have against Association from its debt to Lender and further agrees to waive any rights to set-off or counterclaim based on claims concerning the goods or services purchased with the funds borrowed under this Agreement.**

**This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Missouri, without reference to its conflict of laws rules.**

**Oral or unexecuted agreements or commitments to loan money, extend credit or to forbear from enforcing repayment of a debt including promises to extend or renew such debt are not enforceable, regardless legal theory upon which it is based that is in any way related to the credit agreement. To protect you (borrower(s)) and us (creditor) from misunderstanding or disappointment, any agreements we reach covering such matters are contained in this writing, which is the complete and exclusive statement of the agreement between us, except as we may later agree in writing to modify it. For purposes of this paragraph and Mo. Rev. Stat. Section 432.047, the term "credit agreement" shall mean the Agreement.**

**NOTICE TO BORROWER: 1. DO NOT SIGN THIS PAPER BEFORE YOU READ IT. 2. DO NOT SIGN THIS IF IT CONTAINS ANY BLANK SPACES. 3. YOU ARE ENTITLED TO AN EXACT COPY OF THIS PAPER. 4. YOU MAY PREPAY THE UNPAID BALANCE AT ANY TIME WITHOUT PENALTY AND MAY BE ENTITLED TO RECEIVE A REFUND ON UNEARNED CHARGES IN ACCORDANCE WITH APPLICABLE LAW. 5. THIS AGREEMENT IS NOT VALID UNTIL COUNTERSIGNED BELOW (OR OTHERWISE AGREED TO IN WRITING) BY AN AUTHORIZED REPRESENTATIVE OF THE COOPERATIVE FINANCE ASSOCIATION, INC. THE COOPERATIVE FINANCE ASSOCIATION, INC. MAKES NO COMMITMENT TO LOAN UNTIL THIS FORM IS COUNTERSIGNED (OR OTHERWISE AGREED TO IN WRITING) AS INDICATED. THIS AGREEMENT SHALL BECOME EFFECTIVE UPON ACCEPTANCE BY LENDER AT ITS OFFICE IN KANSAS CITY, MISSOURI AND SHALL BE GOVERNED BY AND INTERPRETED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MISSOURI WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICT LAWS.**

**THE UNDERSIGNED BORROWER ACKNOWLEDGES RECEIPT OF A COPY OF THIS AGREEMENT.**

Each of the undersigned represents and warrants that: 1) the information in the Credit Application is complete and correct as of the date shown below, to the best of my knowledge, and any subsequent modifications to the Credit Application by the Association, Lender, or its agents shall not affect the validity of this Agreement, 2) Lender is authorized to verify the information herein, 3) Lender is authorized to verify my employment history and obtain a credit report for legitimate purposes in connection with the Credit Application, including making a credit decision, monitoring, and collecting the account, 4) I authorize my creditors and insurance agents to provide all relevant information to Lender, 5) Lender is authorized to share any information herein and its credit experience with my creditors and insurance agents, and the Association submitting this Credit Application, 6) I understand and agree that a facsimile of the Credit Application and the Agreement, and my signatures thereon shall be deemed an original, 7) I authorize the Association to submit this Credit Application via Lender's web site, and 8) each of the undersigned applicants is a citizen or resident of the United States, or is a corporation, partnership or other entity created or organized under the laws of, the United States, any state thereof, or the District of Columbia. Borrower's execution and delivery hereof shall constitute its execution and delivery of the entire Agreement.

**Credit Reports.** I understand that, in my individual capacity, by signing below in the signature block as an "individual" Applicant, I am providing written instructions to Lender and the Association under the Fair Credit Reporting Act authorizing them to obtain information from my consumer reports, or other information from consumer reporting agencies, (i) to evaluate whether the Borrower (collectively, the Individuals and Company signing this Credit Application) is eligible for the Loans in connection with this Credit Application, (ii) from time to time to monitor, review, and collect such Borrower's accounts, and (iii) in connection with any update, modification, extension, refinancing, or renewal of such Borrower's Loans in accordance with the Master Credit Agreement. I authorize Lender and the Association to obtain such information about me as an individual solely for the Borrower's commercial lending purposes set forth in the Credit Application and Master Credit Agreement. I acknowledge that I have provided Lender and the Association my name, address, and social security number to obtain consumer reports on me. I further authorize Lender and the Association from time to time to verify my employment history, and I authorize federal, state, or local agencies, and other banks, creditors, and employers to disclose to Lender and the Association pertinent records concerning any information on me requested of them by Lender or the Association. I acknowledge that Lender may report information to credit bureaus about my accounts for which I am personally liable, and that late payments, missed payments, or other defaults on my accounts may be reflected in my credit report.

APPLICANT/BORROWER(S) SIGNATURE	
I/We are applying for:      Individual or      Joint Credit      Date: _____	
Signed By: _____	Signed By: _____
Print Name: _____	Print Name: _____
Signed By: _____	Signed By: _____
Print Name: _____	Print Name: _____
Signed By: _____	Signed By: _____
Print Name: _____	Print Name: _____
COMPANY SIGNATURES:	
Principals of a corporation, partnerships, limited liability company, joint venture, trust, etc. must sign <u>both</u> the company signature block and the Primary Applicant and Co-Applicant signature blocks.	
Company Legal Name: _____	Date: _____
Signed By: _____	Signed By: _____
Print Name/Title: _____	Print Name/Title: _____
Signed By: _____	Signed By: _____
Print Name/Title: _____	Print Name/Title: _____
Signed By: _____	Signed By: _____
Print Name/Title: _____	Print Name/Title: _____

PAY TO THE ORDER OF COBANK, ACB WITH RECOURSE.

THE COOPERATIVE FINANCE  
ASSOCIATION, INC.BY: Lori Gatzmeyer  
Custodian