

RUS Mortgage Note
Treasury Rate

PROJECT DESIGNATION:

KENTUCKY 0030-AX45 SHELBY

MORTGAGE NOTE

made by

SHELBY ENERGY COOPERATIVE, INC.

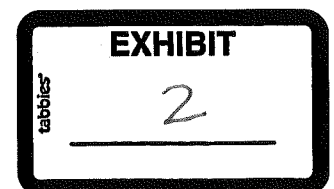
to

UNITED STATES OF AMERICA

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

SECURITY INSTRUMENT:

Restated Mortgage and Security Agreement
Dated as of December 1, 2022,
Made by and Between
Shelby Energy Cooperative, Inc.,
United States of America, and
National Rural Utilities Cooperative Finance Corporation
as amended and supplemented.
(KY0030-AX45 Shelby)



MORTGAGE NOTE

NOTE DATE: December 1, 2022
FIRST PRINCIPAL PAYMENT DATE: December 1, 2024
LAST DATE FOR ADVANCE: December 1, 2026
FINAL MATURITY DATE: December 1, 2057
PLACE OF ISSUE: Shelbyville, Kentucky.

1. **Amount.** SHELBY ENERGY COOPERATIVE, INC. (hereinafter called the "Borrower"), a corporation organized and existing under the laws of the Commonwealth of Kentucky, 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 Thirty Million Dollars and no cents (\$30,000,000.00), with interest payable from the date of each advance ("Advance") on the unpaid principal balance remaining unpaid from time to time as hereinafter provided.
2. **Interest Rate.** The Borrower agrees to pay interest on the unpaid principal balance hereunder for each Advance on the dates and at a rate or rates per annum (the "Treasury Interest Rate") determined by the Government for that Advance in accordance with 7 CFR §1710.51(a)(1), as amended or may be amended by subsequent regulations or notices (the "Interest Rate Term"), and as may be more particularly described in that certain Loan Contract dated as of December 1, 2022, between the Borrower and the Government, as it may be amended from time to time (the "Loan Contract").
3. **Fund Advance Period.** Funds will be advanced under this Note pursuant to this Note and the Loan Contract. The fund advance period for this Note begins on the date hereof and terminates four (4) years from the date of this note (the "Last Date for Advance"). All funds not advanced prior to the Last Date for Advance shall be automatically rescinded unless the Administrator extends the fund advance period in accordance with 7 CFR §1714.56, but in no event may an Advance be made hereunder that would result in an Advance contrary to the Antideficiency Act, 31 USC §1341.
4. **Payment on Advances made before the First Principal Payment Date.** Interest on principal advanced before the First Principal Payment Date hereof pursuant to the Loan Contract and remaining unpaid shall be payable monthly on the last day of each month (the "Monthly Payment Date") beginning on the Monthly Payment Date following the month of each Advance of principal for a period ending on the First Principal Payment Date after the date hereof. The first interest payment on an Advance made on or before the First Principal Payment Date from the date hereof shall be increased by the amount of interest accruing

between the date of the Advance and the first day of the month following the month of the Advance. Thereafter, to and including a date four (4) years after the date hereof, the Borrower shall pay all accrued interest on each Advance on every Monthly Payment Date and shall repay the principal on each such Advance according to the amortization method specified in Paragraph 7 of this Note.

5. **Payment on Advances made after the First Principal Payment Date.** For all Advances made after the First Principal Payment Date hereof, the Borrower shall pay all accrued interest on the unpaid principal balance of the principal amount advanced pursuant to the Loan Contract after the First Principal Payment Date hereof and remaining unpaid and shall repay the principal on each such Advance beginning on the Monthly Payment Date following the month of such Advance in accordance with the amortization method specified in Paragraph 7 of this Note. The first payment on an Advance made after the First Principal Payment Date shall be increased by the amount of interest accruing between the date of the Advance and the first day of the month following the month of the Advance. Payments under this Paragraph 5 shall be in addition to the payments on the Advances made pursuant to Paragraph 4. If there are no Advances made prior to the First Principal Payment Date, this Paragraph 5 sets forth the payment terms for all Advances pursuant to this Loan.

6. **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" specified on page 1 of this Note shall be due and payable on the "Final Maturity Date".

7. **Amortization Method.** Each Advance will fully amortize between the date of such Advance and the Final Maturity Date during each Interest Rate Term for such Advance. The amount of each monthly payment of principal and interest for each Advance shall (i) substantially equal the amount of every other monthly payment on such Advance during such Interest Rate Term, and (ii) be in an amount that will pay all principal and interest of such Advance no later than the Final Maturity Date.

8. **Application of Payments.** Each payment made on this Note shall be applied first to the payment of interest on principal and then on account of principal. Any principal hereof advanced pursuant to the Loan Contract remaining unpaid, and interest thereon, shall become due and payable on the Final Maturity Date.

9. **Prepayment.** The Treasury rate direct electric loan evidenced by this note, or portion thereof, may be repaid at par on its Rollover Maturity Date (as defined in 7 CFR §1710.2) if there is one or may be prepaid after it has been advanced for not less than two years, at any time prior to its rollover or final maturity date at its "net present value" as determined by RUS. Such balance may also be prepaid pursuant to 7 CFR §1786 Subpart F, which Subpart F provides for prepayment at the Discounted Present Value as defined therein (the "Discounted Prepayment"). All Discounted Prepayments under 7 CFR §1786 Subpart F and

Section 306B of the RE Act are subject to restrictions on additional RUS financing as set forth in Section 306B(a)(5)(A)(i).

10. **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.

11. **Security.** This Note has been executed and delivered pursuant to and is secured by one or more certain mortgage(s), leasehold mortgage(s), or security document(s), as defined in the Loan Contract and more specifically described on the cover page of this Note, as the same may have been amended or supplemented (said mortgage(s), leasehold mortgage(s), or security document(s) and any such supplemental document(s) being hereinafter collectively called the "Mortgage"), and may be one of several notes (the "Notes") permitted to be executed and delivered by the Borrower pursuant to the Mortgage. The Mortgage provides that all Notes shall be equally and ratably secured thereby, and reference is hereby made to the Mortgage for a description of the property mortgaged and pledged, the terms of the security and the rights of the holders of Notes with respect thereto.

12. **Default and Acceleration.** In case of default by the Borrower, under this Note, the Loan Contract or the Mortgage, 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 all interest thereon, 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 Mortgage.

13. **Noteholder.** This Note evidences indebtedness created by a loan made by the Government under applicable notices and regulations and the RE Act. If the Government shall at any time assign this Note and ensure 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 Mortgage, the Government, and not such insured holder, shall be considered to be, and shall have the rights of, the noteholder.

14. **Amendments to Note.** To the extent not inconsistent with applicable law, this Note shall be subject to modification by such amendments, extensions, and renewals as may be agreed upon in writing from time to time by the Borrower and Government.

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

16. **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 name and its corporate seal to be hereunto affixed and attested by its officers thereunto duly authorized, all as of the day and year first above written.

SHELBY ENERGY COOPERATIVE, INC.

by: _____
Chairman

(Seal)

Attest:

Title _____