

**FINANCING ORDER**  
**OF PARTICIPATING MEMBERS OF**  
**BRAZOS ELECTRIC POWER COOPERATIVE, INC.**

This financing order is adopted by the following members of Brazos Electric Power Cooperative, Inc. (“**Brazos**” or the “**Master Servicer**”) – Bartlett Electric Cooperative, Inc.; Fort Belknap Electric Cooperative, Inc.; Hamilton County Electric Cooperative Association; Heart of Texas Electric Cooperative, Inc.; HILCO Electric Cooperative, Inc.; Mid-South Electric Cooperative Association; Navarro County Electric Cooperative, Inc.; Navasota Valley Electric Cooperative, Inc.; Cooke County Electric Cooperative Association dba PenTex Energy; and Wise Electric Cooperative, Inc. (each a “**Participating Member**” and, collectively, the “**Participating Members**”), pursuant to Subchapter D of Chapter 41 of the Texas Utilities Code, §§ 41.151 – 41.163 (as added by TX S.B. No. 1580, 87<sup>th</sup> Legislature) (the “**Financing Act**”), to authorize and approve a combined securitization transaction under the Financing Act, including:

(a) the issuance and sale of up to \$716,000,000 aggregate principal amount of securitized bonds (the “**Bonds**”) by Brazos Securitization LLC (the “**Issuer**”), a Delaware limited liability company, in order to recover qualified costs of the Participating Members;

(b) the creation of the securitized property described in this financing order in each Participating Member (with respect to each Participating Member, the “**Participating Member Securitized Property**” and, collectively, the “**Securitized Property**”), including the rights and obligations to impose, bill, collect, receive and enforce the securitized charges described in this financing order (with respect to each Participating Member, the “**Participating Member Securitized Charge**” and, collectively, the “**Securitized Charges**”), as adjusted from time to time in accordance with this financing order;

(c) the sale of each Participating Member’s Participating Member Securitized Property to the Issuer for the consideration described in this financing order (the “**Purchase Price**”); (d) the imposition, billing, collection, receipt and enforcement of each Participating Member’s Participating Member Securitized Charges by each Participating Member on customers of such Participating Member, as provided in this financing order;

(e) the use of the proceeds of the sale of the Bonds to allow the Issuer to pay the Purchase Price and purchase each Participating Member’s Participating Member Securitized Property, thereby allowing the recovery of qualified costs by the Participating Members;

(f) the payment by the Participating Members from the proceeds of the Purchase Price of certain qualified costs of each Participating Member, including payment by each Participating Member of amounts owed by such Participating Member to Brazos for the claim for wholesale market power-related charges invoiced by Electric Reliability Council of Texas, Inc. (“**ERCOT**”) in connection with the February 2021 Winter Storm Uri Event (as defined below) and in turn charged by Brazos to the Participating Members in excess of what would have been charged to Participating Members but for the February 2021 Winter Storm Uri Event; and

(g) the approval of forms of an indenture of trust, servicing agreement, master servicing agreement, and limited liability company agreements necessary to implement the issuance of the Bonds by the Issuer.

To facilitate compliance and consistency with applicable statutory provisions, this financing order adopts the definitions in the Financing Act for all terms used in this financing order that are defined in the Financing Act unless otherwise defined in this financing order. The definitions in this financing order are not intended to conflict with, but are intended to be harmonized with, the definitions contained in the Financing Act.

## I. DISCUSSION OF BRAZOS BANKRUPTCY

During the period beginning at 12:00 a.m., February 12, 2021, and ending at 11:59 p.m., February 20, 2021 (the “**Period of Emergency**”), the State of Texas (the “**State**”) experienced abnormal and extreme winter storm events (“**February 2021 Winter Storm Uri Event**”). This powerful winter storm blanketed the entire State with temperatures well below 20°F in a region where many homes (which are not sufficiently insulated for extreme cold weather) and businesses rely on electricity for heating. Texas's generating plants, pipelines, and wind turbines are constructed to operate in extreme summer temperatures and are not winterized in the manner and to the degree that is common in more traditionally cold-weather states. The result was an energy crisis in the State of historic proportions.

As natural gas pipelines froze and the supply of natural gas available to gas fueled power plants dropped, the price of natural gas and the corresponding cost to produce electricity from gas-fueled power plants increased dramatically. During this period, the members of the ERCOT wholesale market incurred energy charges of \$50.6 billion over a seven-day period, an amount equal to what it ordinarily incurs over four years. Brazos' share of those charges during the surrounding nine days were estimated at \$2.21 billion. In contrast, the total cost of power Brazos imposed on its member cooperatives in 2020 was \$769 million. As a result of these unprecedented ERCOT power prices and unprecedented natural gas prices during the Period of Emergency, on February 16, 17, and 18, 2021, ERCOT requested that Brazos post collateral to secure its payment obligations to ERCOT in the amount of approximately \$174.54 million, \$351.54 million, and \$432.22 million, respectively. And on February 19, 2021, ERCOT made another collateral call to Brazos, this time, seeking more than \$638.2 million in financial assurance. ERCOT invoices for settlement charges followed quickly after these requests for collateral. During the week of February 22, 2021, \$2.149 billion in ERCOT settlement-charge invoices came due, which increased to \$2.25 billion following the subsequent true-ups and settlement. These demands exceeded Brazos's highest liquidity levels in recent years and could not have been reasonably anticipated. Brazos and its Board of Directors ultimately determined that the commencement of bankruptcy proceedings was inevitable. On March 1, 2021, Brazos filed a petition for relief under Chapter 11 of Title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the “**Bankruptcy Court**”).

For over a year, Brazos has been working with its stakeholders to formulate a plan of reorganization to exit protection under Chapter 11 of the Bankruptcy Code (as amended or

supplemented from time to time, the “**Brazos Chapter 11 Plan**”). In accordance with the terms of the Financing Act, the Participating Members expect to finance a portion of the amounts such Participating Members owe Brazos as a result of the February 2021 Winter Storm Uri Event, for use by Brazos in accordance with the Brazos Chapter 11 Plan, using the proceeds of the Bonds, as further described in this financing order.

## II. STATUTORY OVERVIEW OF THE FINANCING ACT

On May 31, 2021, the Texas Legislature (the “**Legislature**”) adopted the Financing Act. The purpose of the Financing Act is to enable electric cooperatives in Texas to use securitization financing to recover qualified costs, including, but not limited to, extraordinary costs and expenses incurred due to the February 2021 Winter Storm Uri Event. The Legislature found that the use of securitization debt would reduce the cost of financing the extraordinary costs and expenses relative to the costs that would be incurred using conventional electric cooperative financing methods. The Financing Act provides that the proceeds of the securitized bonds shall be used solely for the purposes of financing or refinancing the extraordinary costs and expenses, including costs relating to consummation and administration of the securitized financing. The Financing Act further provides that the board of each electric cooperative involved in the financing shall ensure that the securitization provides tangible and quantifiable benefits to its members, greater than would have been achieved absent the issuance of securitized bonds. Each board that chooses to securitize under the Financing Act must ensure that the structuring and pricing of the securitized bonds are consistent with market conditions and the terms of the financing order.

The Financing Act further authorizes securitization to be implemented collectively by a group of electric cooperatives to issue securitized bonds in a “combined securitization transaction.” In this financing order, the Participating Members authorize a combined securitization transaction.

The Financing Act added Section 41.151(b) of the Texas Utilities Code, which provides that a cooperative that owes the independent organization certified under Section 39.151 of the Texas Utilities Code, for the ERCOT power region amounts incurred as a result of operations during the Period of Emergency, shall:

- (1) use all means necessary to securitize the amount owed the independent organization, calculated solely according to the protocols of the independent organization in effect during the Period of Emergency promulgated subject to the approval of the Public Utility Commission of Texas (“**Commission**”); and
- (2) fully repay the amount described by Subdivision (1) immediately upon receipt of the securitized amount along with any additional amounts necessary to fully satisfy the amount owed.

This financing order requires Bond proceeds received by any Participating Member, from the Issuer, to be used for the payment or reimbursement of extraordinary costs and expenses and other qualified costs, as permitted by the Financing Act, including those amounts charged by Brazos to each Participating Member pursuant to the Brazos Chapter 11 Plan. With respect to Bond proceeds to be paid to Brazos by the Participating Members, including, without limitation, those Bond proceeds used to satisfy Section 41.151(b) of the Texas Utilities Code, such proceeds shall be deposited, pending the occurrence of the effective date of the Brazos Chapter 11 Plan,

pursuant to an agreement with an escrow agent, trustee, or other third party, which agreement shall restrict the use of such proceeds to paying the allowed ERCOT claim and other extraordinary costs and expenses or qualified costs owed to Brazos.

The Financing Act authorizes securitized bonds to be issued by an electric cooperative, its successors or an assignee of the cooperatives or a group of electric cooperatives in a combined securitization transaction. In this financing order, the Participating Members authorize the creation of the Issuer, a Delaware limited liability company, and further authorize the Issuer to issue the Bonds for the benefit of the Participating Members in a combined securitization transaction.

The Financing Act provides that securitized bonds have a term not exceeding 30 years and be secured by or payable, primarily, from securitized property and the proceeds thereof contributed (or sold) by the electric cooperatives to an assignee. The Financing Act provides that any sale or other absolute transfer of securitized property shall be a true sale and not a secured transaction, and that title, legal and equitable, has passed to the entity to which the securitized property is transferred.<sup>1</sup>

The Financing Act provides for the creation of securitized property, which includes the right (i) in and to securitized charges established by a financing order, including the right to obtain adjustments to such securitized charges in order to ensure the timely payment of debt service on securitized bonds and other required amounts and charges in connection with the securitized bonds, (ii) to be paid the amount that is determined in a financing order to be the amount that the electric cooperative or its transferee is lawfully entitled to receive under the Financing Act and the proceeds thereof, and (iii) in and to all revenue, collections, claims, payments, money and proceeds of, or arising from, the securitized charges.<sup>2</sup> The Financing Act further provides that a financing order shall include a determination by the board of each electric cooperative participating in a securitization financing — with respect to this financing order, the Participating Members — as to how securitized charges will be collected and allocated among customers.<sup>3</sup> In this financing order, the board of each Participating Member has approved a collection and allocation methodology for each Participating Member consistent with the Financing Act.

The Financing Act further requires that a financing order include a mechanism requiring that securitized charges be reviewed by the board of a participating electric cooperative at least annually, not later than the forty-fifth day after the anniversary date of the issuance of the securitized bonds, to ensure the expected recovery of amounts sufficient to provide for the timely payment of the securitized bonds and related costs.<sup>4</sup> Electric cooperatives that elect to authorize a combined securitization transaction are authorized by the Financing Act to calculate all adjustments and determinations relevant to each true-up by allocating costs across the customers of the electric cooperatives in the manner agreed to by the participating cooperatives (which we refer to as “**cross-collateralization**”).<sup>5</sup> In this financing order, the board of each Participating

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<sup>1</sup> Section 41.158 of the Texas Utilities Code.

<sup>2</sup> Section 41.152(11) of the Texas Utilities Code; Section 41.157 of the Texas Utilities Code.

<sup>3</sup> Section 41.153(c) of the Texas Utilities Code.

<sup>4</sup> Section 41.157 of the Texas Utilities Code

<sup>5</sup> *Id.*

Member has approved a true-up mechanism (the “**Adjustment Mechanism**”) to implement a cross-collateralization methodology consistent with the Financing Act.

The Financing Act requires the board of each electric cooperative participating in a securitization financing to ensure that the issuance of the securitized bonds provides tangible and quantifiable benefits to such participating electric cooperative, greater than would have been achieved absent the issuance of securitized bonds.<sup>6</sup> It further requires the board of each such participating electric cooperative to ensure that the structuring and pricing of the securitized bonds are consistent with market conditions and the terms of the financing order.<sup>7</sup> In this financing order, the board of each Participating Member refers to these requirements, collectively, as the “**Benefit and Savings Tests**.” In this financing order, the board of each Participating Member has determined, based upon the financing structure, the bond parameters, and other requirements imposed by this financing order, that the Benefit and Savings Tests are satisfied.

The Financing Act further requires that the securitized charges be non-bypassable, shall be collected by an electric cooperative, its successors or assignee, or other collection agent, and apply to all customers connected to the electric cooperative’s system assets and taking service, regardless of whether the system assets continue to be owned by the cooperative. The Financing Act provides that securitized charges shall be collected and allocated among customers in the manner provided in the financing order.<sup>8</sup> The Financing Act further provides that any retail electric provider providing service to a retail customer within the cooperative’s certificated service area as it existed as of the date of enactment of the Financing Act (“**service area**”) will be entitled to collect and must remit, consistent with the Financing Act and the financing order, the securitized charges from customers as well as from customers that switch to new on-site generation or switch power supplier pursuant to retail choice.<sup>9</sup> Such customers are required to pay the Securitized Charges in accordance with this financing order; provided, however, those certain customers specifically designated as excluded customers by each Participating Member and set forth in Schedule 1 of this financing order shall not be required to pay the Securitized Charges (the “**Excluded Customers**”). In this financing order, the board of each Participating Member refers to these requirements as the “**Non-Bypassability Requirements**”. In addition, the board of each Participating Member has determined, based upon the financing structure, bond parameters and other requirements imposed by this financing order, that this financing order satisfies the Non-Bypassability Requirements.

The Financing Act requires that the securitized charges be imposed and collected until all securitized bonds and related costs have been paid, provided that the charges cannot be imposed for a period exceeding 30 years.<sup>10</sup>

Upon the issuance of the securitized bonds under the terms of a financing order adopted under the Financing Act, and when the requirements of the Financing Act are met, the securitized charges, including their non-bypassability, are irrevocable, final, nondiscretionary, and effective without further action by the board of any electric cooperative, such as Brazos or any of the

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<sup>6</sup> Section 41.151(a) of the Texas Utilities Code.

<sup>7</sup> *Id.*

<sup>8</sup> Section 41.153(c) of the Texas Utilities Code.

<sup>9</sup> Section 41.156 of the Texas Utilities Code.

<sup>10</sup> Section 41.153(b) of the Texas Utilities Code.

Participating Members, or any other person or governmental authority.<sup>11</sup> The financing order shall remain in effect and the property shall continue to exist for the same period as the pledge of the State (described in detail below) as provided in the Financing Act.<sup>12</sup>

The Financing Act further provides that a financing order becomes effective in accordance with its terms, and that a financing order, together with the present vested property rights that constitute the securitized property, including but not limited to the securitized charges authorized in the financing order, after it takes effect, is irrevocable and not subject to denial, rescission, reduction, impairment, adjustment, or other alteration by further action of the board of an electric cooperative or by action of any regulatory or other governmental body of the State, except as permitted by Section 41.157 of the Texas Utilities Code.<sup>13</sup> A financing order issued under the Financing Act has the same force and effect of a financing order issued by the Commission pursuant to Texas Utilities Code Chapter 39.<sup>14</sup> Pursuant to Section 41.160 of the Texas Utilities Code, the State has pledged that for the benefit and protection of assignees, the financing parties and the electric cooperatives, that it will not take or permit, or permit any agency or other governmental authority or political subdivision of the state to take or permit, any action that would impair the value of securitized property, or except as permitted by Section 41.157 of the Texas Utilities Code, reduce, alter, or impair the securitized charges to be imposed, collected, and remitted to financing parties, until the principal, interest and premium, and all other charges incurred and contracts to be performed in connection with the related securitized bonds have been paid and performed in full.<sup>15</sup> Accordingly, this financing order will be irrevocable, as of its effective date, in accordance with the requirements set forth herein, which include, as further described herein, the approval of this financing order by the board of each Participating Member, and approval of the Brazos Chapter 11 Plan by the Bankruptcy Court, which plan shall satisfy Section 41.151(b) of the Texas Utilities Code.

### III. DESCRIPTION OF PROPOSED TRANSACTION

As a result of the February 2021 Winter Storm Uri Event, the cost to Brazos of supplying electricity to the Participating Members rose dramatically and resulted in Brazos filing for protection as a debtor under Chapter 11 of the Bankruptcy Code. If the liabilities incurred by Brazos as a result of the February 2021 Winter Storm Uri Event were to be passed directly to customers of each Participating Member, the expected increase in customer's bills would be unprecedented. The combined securitization transaction described below and authorized in this financing order will allow the Participating Members to pay Brazos for the cost of supplying electricity to the Participating Members during the Period of Emergency, which will assist Brazos in the implementation of the Brazos Chapter 11 Plan as approved by the Bankruptcy Court, while also allowing each Participating Member to amortize the cost of such payment so as to minimize the impact on the monthly bills of customers.

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<sup>11</sup> Section 41.154(d) of the Texas Utilities Code.

<sup>12</sup> *Id.*

<sup>13</sup> Section 41.153(d) of the Texas Utilities Code.

<sup>14</sup> *Id.*

<sup>15</sup> Section 41.160 of the Texas Utilities Code.

Set forth below is a general overview of the combined securitization transaction approved in this financing order, as well as a description of various elements of the bond structure, including the servicing arrangement and the procedures for implementing the Adjustment Mechanism.

A. *General Overview.*

The financing structure of the Bonds to be issued through the combined securitization transaction approved in this financing order shall include all of the following:

1. the creation of Participating Member Securitized Property in favor of each Participating Member, consisting of all rights and interests included in the definition of securitized property set forth in the Financing Act, including, but not limited to, the right and obligation to impose and collect the Securitized Charges from the customers of each Participating Member connected to the electric distribution system of the Participating Member, other than Excluded Customers, and the right to adjust the Securitized Charges from time to time to ensure the timely payment of the Bonds and related costs;
2. the sale and transfer of the Participating Member Securitized Property by each Participating Member to the Issuer pursuant to a Sale Agreement (defined below);
3. the issuance of the Bonds by the Issuer, consistent with the parameters established by this financing order;
4. the transfer of the net proceeds of the Bonds by the Issuer to each Participating Member in accordance with its respective Allocation Factor (as defined and determined in this financing order) as consideration for the sale of each Participating Member's Participating Member Securitized Property pursuant to the related Sale Agreement;
5. authorization and direction of the collection, on behalf of the Issuer, of the Securitized Charges constituting the Participating Member Securitized Property by such Participating Member or its successors, as initial servicer, who will be responsible for billing and collecting such Securitized Charges from its respective customers pursuant to a Servicing Agreement (defined below);
6. authorization and direction of the performance of certain administration and servicing activities for the Issuer, including the calculation and verification of the Net PPR (as defined in Exhibit A) and the Securitized Charges, as applicable, by Brazos, as Master Servicer pursuant to a Master Servicing Agreement (defined below); and
7. the pledge by the Issuer of all of the Securitized Property purchased by the Issuer, together with the Issuer's rights under this financing order and the transaction documents, including the Indenture, the Sale Agreements,

Servicing Agreements and Master Servicing Agreement, as well as the collection account and its subaccounts (collectively, the “**Bond Collateral**”, as more fully described in this financing order) by the Issuer to a bond trustee, appointed in accordance with the terms thereof (the “**Trustee**”), as security for repayment of the Bonds.

The Issuer has been or will be formed by Brazos (as sponsor and manager) as a limited liability company under the laws of Delaware pursuant to the terms of the LLC Agreement (as further described below in Part B).

The Issuer will issue the Bonds pursuant to an Indenture administered by the Trustee appointed by the Issuer. The Bonds will be secured by and payable solely out of the Bond Collateral. Under the terms of the Indenture, the Bond Collateral will be assigned and pledged to the Trustee by the Issuer for the benefit of the holders of the Bonds and to secure payment due with respect to the Bonds. In addition, pursuant and in accordance with the terms of the Indenture, the Bond Collateral will secure costs associated with servicing and administering the Bonds and the Securitized Property (as further described in this financing order and herein referred to as “**Ongoing Financing Costs**”).

Concurrent with the issuance of the Bonds, each Participating Member will sell its Participating Member Securitized Property to the Issuer pursuant to a Sale Agreement between the Participating Member and the Issuer. This transfer will be structured so that it will qualify as a true and absolute sale and transfer within the meaning of Section 41.158 of the Texas Utilities Code. Upon the issuance of Bonds, the Securitized Charges, including their non-bypassability, are irrevocable, final, nondiscretionary, and effective without further action by the Participating Member or any other person or governmental authority.

Concurrent with the issuance of the Bonds, each Participating Member will contribute (directly or through the Holdco LLC described below) to the Issuer (as described in Part B), for deposit into a capital subaccount held under the Indenture, an amount equal to 0.50% of the original principal amount of the Bonds allocable to such Participating Member (the “**equity deposit**”).

Pursuant to a Servicing Agreement, each Participating Member will act as the initial servicer of the Participating Member Securitized Property sold by such Participating Member to the Issuer, and the Participating Member will undertake to bill and collect the related Securitized Charges from the Participating Member’s customers in accordance with such Participating Member’s tariff approved in this financing order and remit these collections, on behalf of the Issuer, to the Trustee, as further described below. Pursuant to the Master Servicing Agreement, Brazos (as Master Servicer) or its successor or assignee under the terms of such Master Servicing Agreement, will agree to perform certain administration and servicing activities for the Issuer, including the calculation and verification of Securitized Charges for all Participating Members to be imposed in each such Participating Member’s respective service area, as further described below.

The Securitized Charges will be calculated and adjusted from time to time by the Master Servicer, on behalf of the Issuer, pursuant to the Adjustment Mechanism, as approved in this financing order, to be sufficient at all times to pay all debt service for the Bonds and Ongoing



Financing Costs. Pursuant to Section 41.154(d) of the Texas Utilities Code, this financing order shall remain in effect and Securitized Property created hereunder will continue to exist until the Bonds and all Ongoing Financing Costs (as described in this financing order) have been paid in full.

B. *The Issuer.*

The Issuer has been or will be formed as a limited liability company under the laws of Delaware pursuant to the terms of the LLC Agreement (as defined below). The sole member of the Issuer will be another limited liability company, Brazos Securitization Holdco LLC (the “**Holdco LLC**”), also formed under the laws of Delaware, the members of which will be the Participating Members. Under the terms of the LLC Agreement, Brazos will be appointed as a manager of the Issuer, and Brazos will be responsible for day-to-day activities of the Issuer, including the filing of any tax returns and the preparation of any financial statements.

In addition to Brazos, the Issuer will also have a natural person independent manager (who would also be the “springing member” to avoid dissolution of the Issuer if the single member of the Issuer dissolves). The independent manager will meet rating agency requirements for independence, i.e., it will have no affiliation with Brazos or any Participating Member other than having served as an independent manager in other structured financings sponsored by Brazos or any Participating Member. The independent manager will need to approve any extraordinary action by Issuer, such as merger, dissolution, sale of all or substantially all of the assets of the Holdco LLC, or filing a voluntary bankruptcy petition.

The Issuer should be a disregarded entity for federal tax purposes, i.e., all income earned would belong to the Holdco LLC. The Holdco LLC should be a partnership for federal tax purposes.

The Participating Members will be able to vote on any extraordinary transactions of the Holdco LLC, including merger, dissolution, sale of all or substantially all of the assets of the Holdco LLC, or filing a voluntary bankruptcy petition, and will be able to direct the Issuer on any such action (although the independent manager’s vote will be required for any of those actions by the Issuer so long as any Bonds are outstanding).

Each Participating Member will make an equity contribution to the Holdco LLC (based upon such Participating Member’s Allocation Factor (defined below) as set forth in **Exhibit B**), and these contributions will be transferred downstream to the Issuer to make the equity deposit held by the bond trustee as security for the payment of the Bonds.

C. *The Indenture and Flow of Funds.*

The Trustee shall be appointed by the Issuer, under the terms of an Indenture, in the form attached hereto as **Exhibit J** (the “**Indenture**”), under which the Bonds will be issued, and the Trustee shall act as a representative on behalf of bondholders, remit payments to bondholders, and ensure bondholders’ rights are protected in accordance with the terms of the Indenture. The Indenture will include provisions for a collection account and related subaccounts, all held by the Trustee, for the collection and administration of the Securitized Charges and payment or funding of the principal and interest on the Bonds and Ongoing Financing Costs. Within the collection

account there shall exist a general subaccount, a capital subaccount and an excess funds subaccount, as well as any other subaccounts as required to achieve the best pricing on the Bonds, as determined by the Authorized Officers (as defined below) of the Participating Members. The Trustee will also establish a cost of issuance account, from which bond issuance costs and related expenses (herein referred to as “**Upfront Financing Costs**”), shall be paid.

The Trustee will deposit the collections that each Participating Member, as servicer for its Participating Member Securitized Property, remits to the credit of the general subaccount. The Trustee will on a periodic basis apply moneys in the general subaccount to pay semi-annually the principal and interest on the Bonds as well as all Ongoing Financing Costs, which include the expenses of servicing and administering the Bonds and the Securitized Property. Pending such application, the funds in the general subaccount will be invested by the Trustee as provided in the Indenture, and earnings will be deposited into the general subaccount and applied by the Trustee to pay principal and interest on the Bonds and all Ongoing Financing Costs in accordance with the terms of the Indenture.

Concurrently with the issuance of the Bonds, the equity deposit of each Participating Member made to the Issuer through the Holdco LLC will be deposited by the Trustee into the capital subaccount. Such equity deposits will represent the initial capital subaccount requirement. The capital subaccount will serve as collateral to ensure timely payment of principal and interest on the Bonds and all Ongoing Financing Costs. The funds in this subaccount will be invested by the Trustee as provided in the Indenture. Any amounts in the capital subaccount will be available to be used by the Trustee to pay principal and interest on the Bonds and Ongoing Financing Costs, as necessary, under the terms of the Indenture, due to a shortfall in collection of the Securitized Charges. Any funds drawn from the capital subaccount to pay these amounts due to a shortfall in the collection of the Securitized Charges will be replenished through an adjustment to Securitized Charges in accordance with the Adjustment Mechanism.

The excess funds subaccount will hold any remittances from Securitized Charges and investment earnings on the collection account in excess of the amounts needed to pay current principal and interest on the Bonds, to maintain the balance in the capital subaccount at its required level, and to pay the Ongoing Financing Costs. The money in this subaccount will be invested by the Trustee as provided in the Indenture, and such money (including investment earnings thereon) will be used by the Trustee to pay principal and interest on the Bonds and Ongoing Financing Costs.

The determination of the initial offering prices to be paid to the Issuer for the Bonds (i.e. at par, an original issue discount or an original issue premium), together with any credit enhancements in the form of overcollateralization subaccounts or other reserve accounts, designed to promote the credit quality or marketability of the Bonds, may be utilized, as determined by the Authorized Officers of the Participating Members, appointed under this financing order, if such structuring of the initial offering prices of the Bonds or any credit enhancements are anticipated to provide greater revenue requirement savings to customers of the Participating Members, based upon rating agency input and with the advice of J.P. Morgan Securities LLC, the structuring agent (the “**Structuring Agent**”). Such determination of the initial offering prices of the Bonds and any credit enhancements will be set forth in the Bond Purchase Agreement (defined below) and incorporated into the final form of the Indenture, approved in accordance with this financing order.

In addition to the collection account and the cost of issuance account, there may be such additional accounts and subaccounts, as are necessary to segregate amounts received from various sources, or to be used for specified purposes. Such accounts and subaccounts will be administered by Trustee, as directed by the Master Servicer on behalf of the Issuer.

Upon the final maturity of the Bonds and the discharge of all obligations in respect thereof, including the payment or funding of all Ongoing Financing Costs, any remaining amounts in the collection account will be released by the Issuer to each Participating Member in accordance with their membership interests (which membership interests shall be equal to the Allocation Factor of each Participating Member).

D. *Servicing Arrangements; Master Servicer.*

The Servicing Agreement is an agreement between each Participating Member as the initial servicer of its Participating Member Securitized Property and the Issuer, as purchaser and owner of the Securitized Property. It sets forth the responsibilities and obligations of each servicer, including, among other things, billing and collection of Securitized Charges, responding to customer inquiries, terminating service, and remitting collections to the Trustee for distribution to bondholders. Each Servicing Agreement shall prohibit a Participating Member from resigning as initial servicer unless it is unlawful for such Participating Member to continue in such capacity. Under the terms of each Servicing Agreement, a Participating Member's resignation will not be effective until a successor servicer assumes its obligations in order to continue servicing the Participating Member Securitized Property applicable to such Participating Member without interruption. Under the terms of the Servicing Agreement, a servicer may also be terminated by the Issuer from its responsibilities under certain instances, such as the failure to remit collections within a specified period of time. Any merger or consolidation of the servicer with another entity shall require the merged entity to assume the servicer's responsibility under the Servicing Agreement.

Pursuant to each Servicing Agreement, each Participating Member shall be paid an annual servicing fee as described herein. Such fee shall be subject to increase based on an inflation index identified in the final form of the Servicing Agreement, as approved by the Authorized Officers. In addition, each Participating Member shall be entitled to receive reimbursement for certain out-of-pocket costs, fees and expenses paid by the Participating Member as servicer, on behalf of the Issuer, which amounts shall include certain accounting, auditing and legal counsel fees as set forth in the final form of Servicing Agreement. The payment of such annual servicing fee and out-of-pocket costs, fees and expenses shall constitute Ongoing Financing Costs. If the Participating Member or its successor defaults in its obligations under its Servicing Agreement (a "**Defaulting Servicer**"), a successor servicer will be appointed by the Issuer or by the Trustee at the direction of the requisite amount of the Bondholders. It is anticipated that the fees of a successor servicer may significantly exceed the fees paid to each Participating Member as initial servicer. Accordingly, this financing order approves a servicing fee for any successor servicer under a Servicing Agreement of up to 0.60% of the aggregate initial principal amount of the Bonds allocable to the Participating Member that acted as initial servicer or such greater amount as approved by the Issuer or the Trustee based on then prevailing market conditions and in accordance with the terms of the Indenture and the Servicing Agreement.

In addition, pursuant to a Master Servicing Agreement between Brazos and the Issuer, Brazos will agree to perform certain administration and servicing activities for the Issuer, including the calculation of the Net PPR and the calculation and adjustment of the Securitized Charges, as applicable under the terms of the Servicing Agreements, in order for the Securitized Charges to be imposed and collected on the bills of each Participating Member in its respective service area pursuant to the Adjustment Mechanism, providing notice of such adjustments to each Participating Member, and monitoring the performance of each Participating Member as servicer. Pursuant to the Master Servicing Agreement, the Master Servicer shall be paid an annual servicing fee equal to 0.05% of the aggregate initial principal amount of the Bonds. Such fee shall be subject to increase based on an inflation index identified in the final form of the Master Servicing Agreement, as approved by the Authorized Officers. In the event that a successor master servicer should be appointed, this financing order approves a master servicing fee for any successor master servicer under the Master Servicing Agreement of up to 0.60% of the aggregate initial principal amount (as adjusted for inflation pursuant to the terms of the Master Servicing Agreement) or such greater amount as approved by the Issuer or the Trustee based on then prevailing market conditions in accordance with the terms of the Indenture and the Master Servicing Agreement.

E. *The Adjustment Mechanism To Implement Cross Collateralization.*

1. General Description. As described above, the Financing Act requires that this financing order include a mechanism and procedures for requiring that Securitized Charges be reviewed by the board of each Participating Member, at least annually, to ensure the expected recovery of amounts sufficient to provide for the timely payment of the Bonds and all Ongoing Financing Costs. The Financing Act authorizes the Participating Members to jointly authorize a combined securitization transaction that incorporates adjustments to securitized charges in a manner that achieves cross collateralization through the sharing of costs across the service areas of the respective Participating Members. In this financing order the board of each of the Participating Members approves an Adjustment Mechanism which contains provisions for a sharing of costs of the combined securitization transaction among the Participating Members' service areas, as explained below.

The Adjustment Mechanism approved in this financing order, as further described in the attached **Exhibit A**, requires each Participating Member to implement an adjustment to its Securitized Charges (a "**True-Up Adjustment**") at least semi-annually, and quarterly following the last scheduled payment date of the Bonds and more often as determined by the Master Servicer. True-Up Adjustments are required and designed to ensure Securitized Charges collections are sufficient to ensure timely payment of debt service on the Bonds and all Ongoing Financing Costs, including amounts necessary to replenish the capital subaccount to its required level under the terms of the Indenture and to generate over-collateralization in the event a Deficiency Event (as defined below) occurs, and to ensure that such revenue requirement is allocated among the Participating Member service areas as authorized in this combined securitization transaction.

The Master Servicer will take steps to calculate the Net PPR and the Securitized Charges for each Participating Member in accordance with this financing order and the Master Servicing Agreement. For each True-Up Adjustment, the Securitized Charges will be calculated twice, first for the six-month (or shorter) period from the proposed adjustment date through the next debt service payment date for the Bonds, and second for the twelve month period following the

proposed adjustment date (each a “**Calculation Period**”). The Master Servicer will apply the calculation steps described in **Exhibit A** using each Calculation Period and will select as the Securitized Charges the greater of the two results of the calculation for each Participating Member. Each True-Up Adjustment calculation will take into account the most recent forecasted usage projected by the Participating Member as well as the most recent delinquency, write-off and other collection data prepared by the Participating Member.

The steps to be applied by the Master Servicer to calculate the Securitized Charges through a True-Up Adjustment, as described in **Exhibit A**, are designed to ensure that the Securitized Charges imposed by each Participating Member reflect an amount necessary to recover any previous shortfalls in actual collections when compared with projected collections with respect to all the Securitized Property held by the Issuer; while, at the same time, ensuring that Participating Member service areas that have collected more Securitized Charges than the Master Servicer projected them to collect are given credit for such over-collections. As described in **Exhibit A**, the Adjustment Mechanism will take into account the actual (or estimated) under-collections or over-collections of Securitized Charges from each Participating Member’s service area in the period since the last True-Up Adjustment to calculate a periodic billing requirement for each Participating Member for the next semi-annual period. Each Participating Member service area that experiences an under-collection will have its Net PPR increased by such shortfall. Conversely, each Participating Member’s service area that experiences an over-collection will have its Net PPR decreased by such overage. Thus, the customers of each Participating Member shall at all times be responsible for any shortfall in collections from a prior period.

Each True-Up Adjustment shall be made by a filing by the Master Servicer, on behalf of the Issuer, with each Participating Member of a true-up letter in the applicable form attached to the Master Servicing Agreement (each, a “**True-Up Letter**”). Each True-Up Adjustment shall automatically become effective on the date (the “**Adjustment Date**”) specified in the True-Up Letter that is filed with the Participating Member by the Master Servicer. If a Participating Member or the Master Servicer, or any governmental authority, after review of such calculations correctly determines that there is a computational or other manifest error in the True-Up Adjustment, the Participating Member and the Master Servicer shall review the applicable calculations and, if necessary, the Master Servicer shall promptly submit a revised True-Up Letter (or True-Up Letters), including True-Up Letters to other Participating Members if such correction requires a re-calculation of the Securitized Charges for other Participating Member’s service areas, which True-Up Letter(s) shall become effective on the originally specified Adjustment Date. Notwithstanding the foregoing, if, in the sole discretion of the Master Servicer, any such correction cannot be made and implemented by any Participating Member before the Adjustment Date, to ensure prompt and timely payment of the Bonds, all such corrections shall be made in the next True-Up Adjustment, including an interim True-Up Adjustment implemented pursuant to the terms of the Master Servicing Agreement and the Servicing Agreements. Except for the review and correction of a True-Up Adjustment by a Participating Member or governmental authority for computational or other manifest error, the True-Up Adjustment is not subject to notice to customers, protest or appeal by any Participating Member or any customer of any Participating Member or any governmental authority.

2. *Deficiency Event-Over-Collateralization.* If aggregate collections of the Securitized Charges are inadequate to pay all current debt service due on the Bonds and Ongoing

Financing Costs at any time, resulting in a draw on the capital subaccount, a Deficiency Event shall have occurred (a “**Deficiency Event**”). In the event of a Deficiency Event, the Adjustment Mechanism will reflect the recovery of the shortfall (as described in **Exhibit A**). The board of each Participating Member intends such mechanism to generate additional collections of Securitized Charges to restore the balance of the capital subaccount, which will help ensure that the Bonds can be rated as highly as possible. However, customers (other than Excluded Customers) within each Participating Member’s service area will remain responsible for any under-collections of Securitized Charges attributable to such Participating Member service area.

#### IV. FINDINGS OF FACT

1. **Qualified Costs; Extraordinary Costs and Expenses:** The qualified costs, including, but not limited to, extraordinary costs and expenses, to be recovered by each Participating Member from the proceeds of the Bonds, are set forth in **Exhibit B**. Based upon such recovery, **Exhibit B** also sets forth the allocation factor for each Participating Member (the “**Allocation Factor**”).

2. **General Description of Bond Issuance Structure:** The board of each Participating Member finds that the proposed structure of the securitization financing as described in this financing order, including the bond parameters and other requirements imposed by this financing order satisfies the Benefit and Savings Tests.

3. **The Issuer:** The Issuer will be formed as a limited liability company under the laws of Delaware pursuant to the terms of a limited liability company agreement. The sole member of the Issuer will be the Holdco LLC, also formed under the laws of Delaware, pursuant to the terms of a limited liability company agreement the members of which will be the Participating Members. The forms of the limited liability company agreements forming the Issuer and the Holdco LLC are attached hereto in **Exhibit C** (the “**LLC Agreements**”). The board of each Participating Member hereby approves the formation of the Issuer, as well as the formation of the Holdco LLC as described in this financing order, and authorizes Issuer to serve as the issuer of the Bonds.

4. **Upfront Financing Costs:** The board of each Participating Member finds that the issuance of the Bonds will require the payment of the Upfront Financing Costs of the Participating Member, the Issuer, and Brazos (in its capacity as Master Servicer and sponsor of the securitization) described as follows:

- expenses of the Issuer, Brazos and/or the Participating Members associated with the efforts to prepare or obtain approval of this financing order;
- fees and expenses of the Issuer, Brazos and/or the Participating Members associated with the structuring, marketing, and issuance of the Bonds, including:
  - legal counsel fees and expenses payable by the Issuer, Brazos (as sponsor or Master Servicer, as applicable), the Participating Members, the Structuring Agent and the Initial Purchasers (defined below) of the Bonds;
  - organizational costs of the Issuer and the Holdco LLC;
  - structural advisory fees payable by the Issuer;
  - bond structuring or bond issuance fees and expenses;
  - servicing set-up costs of each Participating Member;
  - rating agency fees;

- Trustee fees (including legal counsel fees);
- accounting and auditing fees;
- printing and marketing expenses;
- compliance fees;
- filing fees;
- bond issuance charges;
- the cost of any additional credit enhancement or original issue discount;
- any taxes or payments in lieu of taxes payable by the Issuer, Brazos and/or the Participating Members with respect to the issuance of the Bonds or the sale of the Securitized Property;
- reimbursement for amounts paid by Participating Members as their portion of the equity deposit to the capital subaccount held under the Indenture; and
- amounts advanced by the Issuer, Brazos, and/or the Participating Members for the payment of Upfront Financing Costs.

The amounts and types of Upfront Financing Costs will be determined on or about the date of sale of the Bonds, as such costs are dependent upon the final sizing of the Bonds and marketing and rating agency considerations. An estimate of such Upfront Financing Costs, excluding any additional amounts that may be required for credit enhancement for the Bonds, is attached as **Exhibit D**. The Participating Members find that Upfront Financing Costs in an amount to not exceed 110% of the aggregate amount included in such estimate, plus any additional amounts required for additional credit enhancement for the Bonds, anticipated to provide greater revenue requirement savings to customers of the Participating Members, as determined by the Authorized Officers of the Participating Members, based upon rating agency input and with the advice of the Structuring Agent, shall be reasonable. The Authorized Officers are hereby authorized and directed to determine the final amount of Upfront Financing Costs on or before the issuance of the Bonds, provided that any final determination of Upfront Financing Costs shall not exceed the amount of Upfront Financing Costs determined to be reasonable as set forth in this financing order. Payment of Upfront Financing Costs will be paid from Bond proceeds and allocated to each Participating Member based upon its Allocation Factor. The Master Servicer shall provide each Participating Member, for informational purposes only, an accounting statement within ninety days of the issuance of the Bonds setting forth the final amounts of the Upfront Financing Costs.

5. Terms of the Bonds: The aggregate principal amount of the Bonds to be issued pursuant to the authority of this financing order will be equal to the sum of (i) the total qualified costs set forth in Column G in **Exhibit B** (excluding the estimated Upfront Financing Costs set forth in Column F in **Exhibit B**), plus (ii) the final amount of Upfront Financing Costs.

The Bonds will be issued in one or more series or one or more tranches. Each series or tranche of the Bonds is expected to have a scheduled final payment date (a date by which such series or tranche is expected to be paid in full, based on the expected receipt of Securitized Charges) and a legal final maturity date (a date by which the final principal payment on such series or tranche must be paid in order to avoid a default under the transaction documents and which is expected to be two years after the scheduled final payment date); provided that the legal final maturity date for any series or tranche of the Bonds shall be no later than 30 years after the date of issuance of the Bonds.

The Bonds are not expected to be callable at the option of the Issuer, but the Bonds may have such redemption features to the extent anticipated to achieve tangible and quantifiable benefit for customers of the Participating Members, as determined by the Authorized Officers of the Participating Members at the time of sale, based upon rating agency input and with the advice of the Structuring Agent.

The Bonds will be amortized based upon a substantially level debt, mortgage style schedule, as approved by the Authorized Officers of the Participating Members.

The Bonds will be rated by at least one nationally-recognized statistical rating organization (“**rating agency**”).

The final terms of the Bonds (including aggregate principal amount, interest rates, scheduled final payment dates, final maturity dates, principal payment schedule, redemption features (if any) and all other terms and details) will be determined based upon market conditions at the time of pricing, and will be set forth in the Bond Purchase Agreement, executed by the Issuer and the Participating Members in accordance with this financing order. In order to avoid any delay in the pricing of the Bonds, the board of each Participating Member delegates to the Authorized Officer of such Participating Member the authority to determine the final terms of the Bonds within the parameters established by this financing order, and to execute and deliver the Bond Purchase Agreement on their behalf. The execution and delivery of the Bond Purchase Agreement by the Authorized Officers of each Participating Member and by the other parties to the Bond Purchase Agreement will bind each Participating Member to its terms. The Issuer shall also be required to execute the Bond Purchase Agreement. The Bonds will be issued under and in accordance with the final terms of the Indenture, the form of which has been approved in accordance with the terms of this financing order.

6. **Ongoing Financing Costs**: The board of each Participating Member does not expect any federal, state or local taxes, payments in lieu of taxes, franchise fees or license fees to be imposed on the revenues from Securitized Charges. The board of each Participating Member finds that the terms of the Bonds will require the payment of the following Ongoing Financing Costs (the “**Ongoing Financing Costs**”):

- servicing fees and other costs, fees and expenses payable by the Issuer, including servicing fees of any successor servicer or master servicer;
- administrative fees and expenses of the Issuer;
- bond Trustee fees and expenses (including legal counsel fees) payable by the Issuer;
- legal fees and expenses of the Issuer or advanced on behalf of the Issuer;
- accounting fees and expenses of the Issuer;
- rating agency fees payable by the Issuer;
- any taxes payable by the Issuer;
- any Upfront Financing Costs that cannot be paid from the proceeds of the sale of the Bonds;
- any amounts required under the terms of the Indenture to allow the Issuer replenish the capital subaccount or other reserve accounts created under the Indenture, including overcollateralization required by the Adjustment Mechanism;



- reimbursements to be made by the Issuer for over-collections; and
- indemnities and other amounts payable by the Issuer.

Most Ongoing Financing Costs will not be known until after this financing order is adopted, e.g., the fees may be estimated at the time the Bonds are issued but they may increase over the life of the Bonds, the expenses will vary from year to year depending upon what services or activities are required to be performed in each year, and some possible Ongoing Financing Costs (such as replenishment of the capital subaccount or indemnities) depend upon contingencies that may never happen. An estimate of Ongoing Financing Costs for the first year following Bond issuance has been attached hereto as **Exhibit E**. All Ongoing Financing Costs will be paid as incurred from Securitized Charges, and allocated to each Participating Member's customers based upon the Allocation Factors and Adjustment Mechanism approved in this financing order. Ongoing Financing Costs include the replenishment of the capital subaccount to its required level and in order to ensure that each Participating Member's capital is returned in full to the Participating Member, even if this results in Securitized Charges being imposed after the retirement of the Bonds. Ongoing Financing Costs include the Periodic Collection Over-Under ("**PCOU**") (as defined in **Exhibit A**) amount for all service areas with an under-collection ("**Under-Collected Service Areas**") as reflected in the PCOU calculated as of the date the Bonds are paid in full ("**Full Payment Date**"). On and after the Full Payment Date, Securitized Charges (i) will continue to be imposed and collected by the Participating Members in all Under-Collected Service Areas until such under-collections are collected in full (such collections being referred to as "**Post Bond Payment SC Collections**"), and (ii) will cease to be imposed and collected in all service areas with an over-collection ("**Over-Collected Service Areas**"). All Post Bond Payment SC Collections shall be allocated to customers in the Over-Collected Service Areas as determined by the Master Servicer to ensure that Over-Collected Service Areas are fully credited for their over-payments.

7. Benefit and Savings Tests:

- (a) Pursuant to the Financing Act, the boards of the Participating Members must determine that the issuance of the Bonds provides tangible and quantifiable benefits to the Participating Members, greater than would have been achieved absent the issuance of securitized bonds. The board of each Participating Member finds that if the recovery mechanism for wholesale power charges included in the current rate schedule of each Participating Member were used to pay amounts owed by the Participating Members to Brazos, it would be financially impractical for the customers of each Participating Member to pay the amounts billed. As a result, the board of each Participating Member has determined that financing such payments to Brazos, pursuant to the Financing Act and this financing order, is in the best interest of each Participating Member and their respective customers. Brazos has submitted a savings analysis, which is attached hereto as **Appendix 1** (the "**Savings Analysis**"). Based upon a review of this Savings Analysis, as well as the ability of the Authorized Officer of each Participating Member to review the final terms of the Bonds prior to the execution of the Bond Purchase Agreement to confirm such final terms conform to the assumptions in the Savings Analysis, the Participating Members find that the debt service on the Bonds (including

interest payable on the Bonds and scheduled principal, sinking fund or redemption payments on the Bonds), together with all Ongoing Financing Costs, to be less, on a net present value basis, than the expected debt service that the Participating Members would otherwise incur if the Participating Members borrowed such funds using traditional financing methods, thus resulting in tangible and quantifiable benefits to the Participating Members, and that executing the combined securitization transaction provides each Participating Member the ability to pay amounts owed to Brazos for supplying electricity during the Period of Emergency.

- (b) The Financing Act further requires the board of each Participating Member to ensure that the structuring and pricing of the Bonds are consistent with market conditions and the terms of this financing order. Based upon a review of the estimated Upfront Financing Costs and Ongoing Financing Costs as set forth in this financing order, the requirements imposed upon the Initial Purchasers in the Bond Purchase Agreement as well as the requirement that the Authorized Officer of each Participating Member review and approve the final terms of the Bonds prior to the execution of the Bond Purchase Agreement, the board of each Participating Member hereby finds that terms of this financing order will ensure that the structuring and pricing of the Bonds will be consistent with market conditions and the terms of this financing order at the time of pricing.

8. Allocation of Debt Financing Costs Among Participating Members: The Net PPR (determined in accordance with the Adjustment Mechanism approved in this financing order) should be allocated among the Participating Members based upon each Participating Member's Allocation Factor, which is proportionate to each Participating Member's receipt of net Bond proceeds. The Net PPR allocated to each Participating Member is called the Allocable PPR.

9. Securitized Charges: The Allocable PPR for each Participating Member service area will be allocated among such Participating Member's customers and used to determine the Securitized Charges for such customers, as described for each such Participating Member in **Exhibit A**. The Securitized Charges in each Participating Member service area shall be billed to customers, other than Excluded Customers, in accordance with this financing order, including each Participating Member's respective tariff approved in this financing order as described below. Those customers listed on **Schedule 2** (the "Direct Charge Customers") shall be billed Securitized Charges in the amounts and in accordance with the schedule set forth in **Schedule 2**. The Master Servicer will calculate the Net PPR for each Participating Member, and adjust the Securitized Charges on behalf of the Issuer and as required by the Adjustment Mechanism and this financing order. Each Participating Member determines that the allocation of debt service cost, Upfront Financing Costs and Ongoing Financing Costs among the Participating Members and the calculation of the Securitized Charges is reasonable and consistent with satisfying the Benefit and Savings Tests.

10. Non-bypassability: Each Participating Member, as servicer under the terms of the applicable Servicing Agreement, must collect, in accordance with each Participating Member's tariff approved in this financing order, the Securitized Charges from all of its customers, other than

Excluded Customers, connected to the Participating Member's system assets and taking service, regardless of whether its system assets continue to be owned by the Participating Member. Each Participating Member must collect and remit, consistent with the Financing Act and this financing order, the Securitized Charges from such customers, including customers that switch to new on-site generation. Any customer (excluding Excluded Customers) that disconnects from a Participating Member's system and connects to another electric service provider must either pay a termination fee or continue to pay the Securitized Charges, which will be collected by such Participating Member, as servicer, or a successor servicer, any entity providing electric transmission or distribution services, or any retail electric provider providing services to the disconnecting customer, provided, however, that such collection will be performed in a manner as determined by such Participating Member that will not result in any of the credit ratings on the Bonds being lowered or suspended. The termination fee (the "**Termination Fee**") payable in each service area shall be calculated as set forth in each Participating Member's tariff approved in this financing order as described below. Any customers (other than Excluded Customers) that choose to self-generate shall pay the Securitized Charges as provided in the Participating Member's tariff approved in this financing order. These non-bypassability features, as described herein and in the form of each Participating Member's tariff described in Finding of Fact 12 below, are approved by such Participating Member.

11. Notification of Ownership of Securitized Charge: The board of each Participating Member finds Securitized Charges may be separately identified on bills presented to customers, or if applicable, other entities obligated to pay or collect Securitized Charges, as determined to be appropriate by the Participating Members, each acting in its capacity as servicer, in accordance with the terms of the applicable Servicing Agreement. If the Securitized Charges are not separately identified, customers will be notified at least annually (by bill insert or otherwise) that the Securitized Property is owned by the Issuer and not the Participating Member that is billing such customers.

12. Form of Tariff: The board of each Participating Member must approve the respective form of tariff implementing the Securitized Charges consistent with the provisions of this financing order as **Exhibit F(1-10)**. The board of each Participating Member must authorize the Securitized Charges to go into effect and be imposed and billed commencing on the first day of the Participating Member's first billing cycle following issuance of the Bonds. For avoidance of doubt, the first day of a billing cycle is the day that bills are sent to customers and the Securitized Charges shall be included on such bills even though the Securitized Charges may not be effective on the dates such customers used electricity to which the Securitized Charges are applied. The form of each Participating Member's tariff implementing the Securitized Charges constitutes a part of this financing order and may not be amended or revised prior to such time as all Bonds and Ongoing Financing Costs have been paid in full, provided that the Securitized Charges cannot be imposed beginning 30 years after the date of the issuance of the Bonds.

13. Adjustment Mechanism: The board of each Participating Member finds the Adjustment Mechanism as described and set forth in **Exhibit A** attached hereto to establish and adjust the Securitized Charges for each Participating Member's customers, other than Excluded Customers, not less often than annually as required by the Financing Act, is just and reasonable and not unreasonably preferential, prejudicial, or discriminatory and will reduce the risks related to nonpayment of the Bonds, and help to satisfy the Benefit and Savings Tests.

14. Securitized Property: The Securitized Property created for each Participating Member pursuant to the terms of this financing order shall include any and all right, title and interest of any kind of the Participating Member or its assignee in and to the Securitized Charges authorized by this financing order, including all right to obtain adjustments in accordance with the Adjustment Mechanism authorized by the Financing Act and approved by this financing order, as adjusted from time to time in accordance with this financing order; to be paid the amount that is determined in this financing order to be the amount that the Participating Member or its transferee is lawfully entitled to receive under the Financing Act and the proceeds thereof; and in and to all revenues, collections, claims, payments, money, or proceeds of or arising from the Securitized Charges authorized by this financing order.

15. Sale of Participating Member Securitized Property: Concurrent with the issuance of the Bonds, each Participating Member will sell its Participating Member Securitized Property to the Issuer in accordance with the related Sale Agreement authorized by this financing order to be in the form attached hereto as **Exhibit I** (the “**Sale Agreement**”). The aggregate sale price for the Securitized Property will equal the total amount shown in Column D in **Exhibit B**. The sale of such Participating Member Securitized Property will constitute a true sale and absolute and irrevocable transfer of each Participating Member’s Participating Member Securitized Property. Each Participating Member has determined, and each Participating Member hereby covenants to the other Participating Members, that the sale of its Participating Member Securitized Property will not violate any indenture, mortgage, loan agreement or other document to which such Participating Member is a party, and that each Participating Member, as applicable, will obtain any consents, waivers and releases that may be necessary in connection with the sale or pledge of the Securitized Property.

16. Partial Payments: To the extent that any customer makes a partial payment of a bill containing both Securitized Charges and any charges of a Participating Member, such payment shall be allocated by the Participating Member pro rata between the Securitized Charges and the Participating Member’s charges.

17. Servicing of Securitized Charges: The Securitized Charges will be imposed, adjusted from time to time, and collected by each Participating Member or its successors or assigns as servicer for the Issuer (in such capacity, and including any successors or assigns, a “**Member Servicer**”). Each Participating Member will enter into a Servicing Agreement (the “**Servicing Agreement**”), substantially in the form attached hereto as **Exhibit G**, with the Issuer, to perform all duties of the Issuer relating to the Participating Member Securitized Property sold by the Participating Members to the Issuer. Pursuant to each Servicing Agreement, each Participating Member will be paid, respectively, an annual servicing fee equal to the applicable percentage amount of the aggregate initial principal amount of the Bonds, as set forth in **Schedule 3** attached hereto, multiplied by such Participating Member’s Allocation Factor. Such fee shall be subject to increase based on an inflation index identified in the final form of the Servicing Agreement, as approved by the Authorized Officers. The board of each Participating Member finds that such servicing compensation is reasonable and fair compensation for the services to be performed by such Participating Member. No Participating Member shall be entitled to resign as servicer unless it is prohibited from performing such activities by law.

18. Successor Servicers: If a Participating Member or its successor defaults in its obligations under the Servicing Agreement and becomes a Defaulting Servicer, a successor servicer will be appointed by the Issuer or by the Trustee at the direction of the requisite amount of the Bondholders, in accordance with the terms of the Indenture and the Servicing Agreement. It is anticipated that the fees of a successor servicer may significantly exceed the fees imposed by each Participating Member as initial servicer. This financing order approves a servicing fee for any successor servicer under a Servicing Agreement of up to 0.60% of the aggregate initial principal amount of the Bonds allocable to the Participating Member that acted as initial servicer, or such greater amount as approved by the Issuer or the Trustee based on then prevailing market conditions and in accordance with the terms of the Indenture and the Servicing Agreement.

19. Master Servicer: Pursuant to a Master Servicing Agreement between Brazos and the Issuer (the “Master Servicing Agreement”), substantially in the form attached hereto as Exhibit H, Brazos will agree to perform certain administration and servicing activities for the Issuer, including the calculation of the Net PPR and the Securitized Charges to be imposed and collected by each Participating Member. Brazos will be entitled to an annual servicing fee equal to 0.05% of the aggregate initial principal amount of the Bonds, subject to increase based on an inflation index approved by the Authorized Officers in the final form of Master Servicing Agreement, which fee the Participating Members find reasonable. The costs of any successor master servicer will be allocated among the customers of the Participating Members in the same manner as any other Ongoing Financing Costs (i.e., pro-rata based upon the Allocation Factor). If the Trustee, at the request of the Bondholders, is required to replace Brazos as Master Servicer, it is anticipated that the fees of a successor master servicer may significantly exceed the servicing fee paid to Brazos. In the event that a successor master servicer should be appointed, this financing order approves a master servicing fee for any successor master servicer under the Master Servicing Agreement of up to 0.60% of the aggregate initial principal amount (as adjusted for inflation pursuant to the terms of the Master Servicing Agreement) or such greater amount as approved by the Issuer or the Trustee based on then prevailing market conditions in accordance with the terms of the Indenture and the Master Servicing Agreement.

20. Third-Party Billing: If any Participating Member permits retail competition to be introduced into the Participating Member’s service area, the Participating Member shall not permit any third party to collect the Securitized Charges except under standards, procedures and conditions reasonably comparable to those set forth in financing orders adopted by the Commission under Subchapter G of Chapter 39 of the Texas Utilities Code, approved by the Master Servicer in accordance with the terms of the Master Servicing Agreement, and which will not result in any of the credit ratings on the Bonds being lowered or suspended.

21. Basic Bond Documents: The forms of the LLC Agreements, Indenture, Sale Agreement, Servicing Agreement and Master Servicing Agreement are reasonable and appropriate to achieve the highest possible credit ratings on the Bonds, and should be approved for execution by the Participating Members and the Issuer, subject to such changes as are approved by an Authorized Officer of each Participating Member as provided in this financing order. The procedures for confirming that a proposed action to be taken by the Issuer, the Trustee, the Master Servicer, or any Member Servicer will not result in the credit ratings on the Bonds being lowered or suspended shall be set forth in the Indenture, the Servicing Agreement and the Master Servicing Agreement, as approved by the Authorized Officer of each Participating Member. The execution

and delivery of such documents by Authorized Officers of the Participating Members, or by the Issuer in accordance with the LLC Agreement, respectively, will evidence conclusive proof of such approval by each such party.

22. Bond Purchase Agreement: In order to provide for the marketing and sale of the Bonds, the Issuer and each Participating Member will enter into an agreement to purchase the Bonds with one or more initial purchasers of the Bonds (the “**Bond Purchase Agreement**”), which is expected to be J.P. Morgan Securities LLC and one or more additional financial institutions (each an “**Initial Purchaser**”).

23. Offering Documents: In order to provide for the marketing and sale of the Bonds, each Participating Member must cooperate with the Issuer and provide such information as such Issuer shall reasonably request in order to offer and sell the Bonds in compliance with the federal securities laws.

24. Equity Contribution: The board of each Participating Member finds that the contribution of an equity contribution to the Holdco LLC and the contribution by the Holdco LLC of such equity contribution to the Issuer is reasonable and appropriate to ensure the necessary federal tax treatment and achieve the highest possible credit ratings on the Bonds, and should be approved. Each Participating Member’s initial equity contribution will be made by such Participating Member to the Holdco LLC and the Holdco LLC will provide such amount to the Issuer concurrently with the delivery of the Bonds, for deposit into the capital subaccount held by the Trustee.

25. Delegation of Authority to Authorized Officers: As the pricing and final terms of the Bonds, the Upfront Financing Costs and Ongoing Financing Costs and the final terms of the Indenture are not known as of the date of this financing order, and market conditions may require expedited approval or other action by the Issuer in order to accomplish the purposes of this financing order, the board of each of the Participating Members deems it reasonable to appoint the Authorized Officer of such Participating Members to review and approve, on behalf of such Participating Member, these matters and take such other actions as are authorized in this financing order. The execution and delivery of the Bond Purchase Agreement by the Authorized Officer of each Participating Member shall constitute the final approval of the terms of the Bonds.

26. Issuance Date: The Bonds will be issued on a date that is (i) later than the time for any challenges or appeals to this financing order has expired pursuant to Section 41.153(e) of the Texas Utilities Code or after any challenges or appeals have been finally resolved or determined by the Authorized Officers of the Participating Members, based on the advice of legal counsel, to be frivolous; and (ii) subsequent to Bankruptcy Court approval of the Brazos Chapter 11 Plan as described herein.

27. Allocation of Charge: The Securitized Charges will be applied to all customers, except Excluded Customers, in the service area of a Participating Member, in accordance with each Participating Member’s tariff approved in this financing order. The board of each Participating Member has reviewed the Savings Analysis and hereby finds that such an allocation of the Securitized Charges is just and reasonable and not unreasonably preferential, prejudicial, or discriminatory.

28. Determination Regarding the Proceeds and Revenues Received by the Participating Members: The board of each Participating Member has determined that the proceeds from the sale of the Securitized Property received by the Participating Member are deemed to be associated with the payment of extraordinary costs and expenses, including related qualified costs and wholesale power costs related to the February 2021 Winter Storm Uri Event, and the revenues received by the Participating Member in connection with the securitization pursuant to the Financing Act and this financing order, including without limitation, the revenues received from the Securitized Charges, are revenues in connection with the recovery of wholesale power costs incurred as a result of the February 2021 Winter Storm Uri Event (i.e., extraordinary costs and expenses and related qualified costs).

## V. CONCLUSIONS OF LAW

1. Compliance with Act: The structure of the Bonds is consistent with the Financing Act, and the Bonds are securitized bonds under the Financing Act.

(a) The costs recovered by each Participating Member from the proceeds of the Bonds constitute extraordinary costs and expenses of such Participating Member under the Financing Act.

(b) The costs referred to in clause (a) together with the Upfront Financing Costs, debt service on the Bonds, and Ongoing Financing Costs approved for recovery under this financing order constitute qualified costs under the Financing Act.

(c) The Securitized Property created by this financing order constitutes securitized property under the Financing Act.

(d) The Securitized Charges authorized to be imposed by each Participating Member are securitized charges under the Financing Act.

(e) The Issuer is an assignee under the Financing Act.

(f) The transactions authorized by this financing order constitute a combined securitization transaction under the Financing Act.

(g) The transaction authorized by this financing order satisfies Section 41.151(b) of the Financing Act.

2. Irrevocability of Order: This financing order shall become effective only upon the occurrence of each of the following conditions: (i) adoption of this financing order by the board of each Participating Member, and (ii) entry of a Court Order by the Bankruptcy Court confirming the Brazos Chapter 11 Plan. For purposes of this financing order, “Court Order” means an order or judgement of the Bankruptcy Court or other court of competent jurisdiction with respect to the relevant subject matter. Once effective, this financing order shall be irrevocable and not subject to denial, rescission, reduction, impairment, adjustment, or other alteration by further action of the

board of any Participating Member, or by action of any regulatory or other governmental body of the State, except as permitted by Section 41.157(e) of the Texas Utilities Code.

3. Effect of Order: This financing order has the same force and effect of a financing order issued by the Commission pursuant to Chapter 39 of the Texas Utilities Code. This financing order shall remain in effect and unabated notwithstanding the bankruptcy of a Participating Member, or of their respective successors or assignees.

4. Duration of financing order and Securitized Charges: This financing order must remain in effect, and the Securitized Charges approved by this financing order must be imposed, adjusted from time to time in accordance with the Adjustment Mechanism and collected by the Participating Members, as servicers under the terms of the Servicing Agreements, until all Bonds and Ongoing Financing Costs have been paid in full, provided that the Securitized Charges cannot be imposed beginning 30 years after the date of issuance of the Bonds. Securitized Charges imposed before such date may be collected after such date.

5. Adjustment Mechanism: The Adjustment Mechanism approved in this financing order satisfies the requirements of the Financing Act, including the requirements of Section 41.157 of the Texas Utilities Code. As provided in Section 41.157 of the Texas Utilities Code, no Participating Member, nor any governmental authority may disapprove or alter any adjustment made pursuant to the Adjustment Mechanism other than to correct computation or other manifest errors.

6. Non-bypassability: The Securitized Charges authorized by this financing order are non-bypassable and apply to all existing and future customers, other than Excluded Customers, connected to a Participating Member's system assets and taking service in a Participating Member's service area, regardless of whether such system assets continue to be owned by the Participating Member, whether the customer switches to another retail electric provider, or switches to new on-site generation. The non-bypassability provisions as described in this financing order, including the Termination Fee described in Finding of Fact 10 and the non-bypassability provisions in the attached tariffs of the Participating Members, are consistent with and satisfy the requirements of the Financing Act.

7. Nondiscriminatory: The Securitized Charges authorized by this financing order are a consumption-based charge applied to all customers of each Participating Member, other than Excluded Customers, as set forth in the tariff adopted by the Participating Member under the terms of this financing order. The board of each Participating Member has reviewed such tariff and concluded that it is just and reasonable and not unreasonably preferential, prejudicial, or discriminatory.

8. Indemnities: Any indemnity payments required to be paid by the Issuer to the Trustee, the Initial Purchasers or other persons pursuant to agreements entered into in connection with the sale of the Bonds will be Ongoing Financing Costs recoverable pursuant to this financing order and the Financing Act.

9. Partial Payments: To the extent that any customer makes a partial payment of a bill containing both Securitized Charges and any charges of a Participating Member, such payment



shall be allocated by the Participating Member pro rata between such Participating Member's Securitized Charges and the other charges or fees applied to a customer's account with such Participating Member.

10. True Sale: As provided in Section 41.158 of the Texas Utilities Code, each Sale Agreement evidences an absolute and true sale of the Participating Member Securitized Property sold to the Issuer by the Participating Member therein, and is not a secured transaction, and on the date of such transfer, all right, title, and interest, both legal and equitable, will pass to the Issuer. Each Sale Agreement shall be treated as an absolute sale regardless of whether the Issuer has any recourse against the Participating Member, or any other term of the parties' agreement, including the Participating Member's retention of an equitable interest in such Securitized Property, the fact that the Participating Member acts as the collector of Securitized Charges relating to the Securitized Property, or the treatment of the transfer as a financing for tax, financial reporting, or other purposes.

11. Pledge of Securitized Property: As provided in Section 41.159 of the Texas Utilities Code, the Participating Member Securitized Property sold by each Participating Member to the Issuer in the combined securitization transaction authorized by this financing order shall be pledged by the Issuer to the Trustee to secure the payment of the Bonds and Ongoing Financing Costs.

12. Attachment and Perfection of Lien: Pursuant to Section 41.159 of the Texas Utilities Code, the transfer and sale of the Participating Member Securitized Property by each Participating Member to the Issuer, and the pledge of such securitized property by the Issuer to the Trustee by way of assignment, or lien and security interest, as applicable, shall attach automatically from the time that value is received for the Bonds and, on perfection through the filing of notice with the secretary of State in accordance with the rules prescribed under Subsection (d) of such section, shall be a continuously perfected transfer and sale, or lien and security interest, as applicable, in such Securitized Property and all proceeds of the property, whether accrued or not, shall have priority in the order of filing and take precedence over any subsequent judicial or other lien creditor. Transfer, sale or assignment of interest in the Securitized Property to the Issuer or the Trustee, as applicable, shall be perfected against all third parties, including subsequent judicial or other lien creditors, when this financing order becomes effective, transfer documents have been delivered to the assignee, and a notice of that transfer has been filed in accordance with the rules prescribed under Subsection (d) of such section. The priority of a lien and security interest perfected under the Financing Act is not impaired by any later modification of the securitized charges by virtue of the Adjustment Mechanism or by the commingling of funds arising from Securitized Charges with other funds, and any other security interest that may apply to those funds shall be terminated when they are transferred to a segregated account for the account of the Issuer or the Trustee.

13. Statutory Lien: As provided in Section 41.159 of the Texas Utilities Code, the Bonds are further secured by a statutory lien on the Securitized Property sold by the Participating Members to the Issuer and pledged to the payment of the Bonds. This statutory lien shall be valid and binding from the time the Bonds are executed and delivered. The lien shall immediately attach to such securitized property and be effective, binding, and enforceable against the each Participating Member, its creditors, their successors, assignees, and all others asserting rights

therein, regardless of whether those persons have notice of the lien and without the need for any physical delivery, recordation, filing, or further act. The statutory lien may be enforced by the Trustee or any other financing party or their representatives as if they were secured parties under Chapter 9, Texas Business & Commerce Code. On application by or on behalf of the financing parties, a district court in the county where the Participating Member is domiciled may order that amounts arising from Securitized Charges be transferred to a separate account for the financing parties' benefit.

14. Successor Owners: As provided in Section 41.159 of the Texas Utilities Code, each Participating Member, any successor or assignee of the Participating Member, or any other person with any operational control of any portion of the Participating Member's system assets, whether as owner, lessee, franchisee, or otherwise, and any successor servicer of collections of the Securitized Charges shall perform and satisfy all obligations imposed under the Financing Act and this financing order in the same manner and to the same extent as did its predecessor, including the obligation to bill, adjust, and enforce the payment of Securitized Charges.

15. Sequestration: If any Participating Member defaults on its obligations under any sale or servicing arrangement, the Trustee or other financing party or their representative may foreclose on or otherwise enforce their lien and security interest in the Participating Member Securitized Property as if they were secured parties under Chapter 9, Texas Business & Commerce Code, and may apply to a district court in the county where the Participating Member is domiciled for an order requiring that amounts arising from Securitized Charges be transferred to a separate account for the financing parties' benefit, to which their lien and security interest shall apply. On application by or on behalf of the financing parties, a district court in the county where the electric cooperative is domiciled shall order the sequestration and payment to them of revenues arising from the Securitized Charges.

16. No Setoff, Counterclaim or Defense: Pursuant to Section 41.155 of the Texas Utilities Code, the interest of the Issuer or any other assignee or pledgee in Securitized Property and in the revenues and collections arising from the Securitized Property are not subject to setoff, counterclaim, surcharge, recoupment, or defense by any Participating Member or any other person or in connection with the bankruptcy of the Participating Member or any other entity. This financing order shall remain in effect and unabated notwithstanding the bankruptcy of any Participating Member or any Participating Member's successors or assignees.

17. Third-Party Billing: If any Participating Member permits retail competition to be introduced into the Participating Member's service area, the Participating Member shall not permit any third party to collect the Securitized Charges except under standards, procedures and conditions, approved by the Master Servicer in accordance with the terms of the Master Servicing Agreement, which are reasonably comparable to those set forth in financing orders adopted by the Commission under Subchapter G of Chapter 39 of the Texas Utilities Code, and that will not result in any of the credit ratings on the Bonds being lowered or suspended.

18. State Pledge: As provided in Section 41.160 of the Texas Utilities Code, the Bonds are not a debt or obligation of the State and are not a charge on its full faith and credit or taxing power. The State has pledged, however, for the benefit and protection of the bondholders, the Issuer, other financing parties, and the Participating Members, that it will not take or permit, or

permit any agency or other governmental authority or political subdivision of the State to take or permit, any action that would impair the value of securitized property, or, except as permitted by the Adjustment Mechanism, reduce, alter, or impair the securitized charges to be imposed, collected, and remitted to financing parties, until the principal, interest and premium (if any), and any other charges incurred and contracts to be performed in connection with the Bonds have been paid and performed in full. The foregoing pledge may be included in the Bonds, the Indenture, the offering document relating to the offer and sale of the Bonds, and other ancillary agreements and documentation related to the issuance and marketing of the Bonds.

## VI. ORDERING PARAGRAPHS

The board of each Participating Member hereby authorizes, approves, orders and directs all of the following:

1. Issuance of Bonds; Application of Proceeds by Issuer. The issuance of the Bonds by the Issuer, in one or more series or one or more tranches, in an aggregate principal amount not exceeding \$716,000,000, and the application of the proceeds of the Bonds, net of Upfront Financing Costs, to the purchase from each Participating Member of the Participating Member Securitized Properties created pursuant to this financing order and the Financing Act.
2. Application of Bond Proceeds by Participating Members. Bond proceeds received from the Issuer by any Participating Member shall be used for the payment or reimbursement of extraordinary costs and expenses and other qualified costs, as described in this financing order, as permitted by the Financing Act, including those amounts charged by Brazos to each Participating Member pursuant to the Brazos Chapter 11 Plan, which plan shall satisfy section 41.151(b) of the Texas Utilities Code. With respect to Bond proceeds to be paid to Brazos by the Participating Members, including, without limitation, those Bond proceeds used to satisfy Section 41.151(b) of the Texas Utilities Code, such proceeds shall be deposited, pending the occurrence of the effective date of the Brazos Chapter 11 Plan, pursuant to an agreement with an escrow agent, trustee, or other third party, which agreement shall restrict the use of such proceeds to paying the allowed ERCOT claim and other extraordinary costs and expenses or qualified costs, as required by the Brazos Chapter 11 Plan. The Authorized Officers of the Participating Members are hereby authorized to negotiate, approve, execute and deliver such agreement.
3. Final Bond Terms. The final terms of the Bonds, including aggregate principal amount, interest rates, scheduled final payment dates, maturity dates, principal payment schedule, redemption features (if any), the purchase price, and all other terms and details, including the addition of any credit enhancement, will be determined based upon market conditions at the time of pricing of the Bonds, and set forth in the Bond Purchase Agreement and Indenture approved in accordance with this financing order; provided, however, that the final legal maturity for the Bonds may not be more than 30 years from the date the Bonds are issued.
4. Approval of Upfront Financing Costs. The recovery from Bond proceeds of all Upfront Financing Costs known or estimated at the time of the sale of the Bonds (including any amounts required to provide for additional credit enhancement for the Bonds). Upfront

Financing Costs not known to or in excess of the estimates by the Issuer at the time of the sale of the Bonds shall be paid by the Issuer as Ongoing Financing Costs.

5. Creation of Securitized Property. The creation of such Participating Member's Participating Member Securitized Property, in amounts sufficient to pay principal, interest, premium (if any) and Ongoing Financing Costs allocable to such Participating Member, including the right to impose, collect, receive, and enforce the Securitized Charges from its customers, as described in this financing order. The Participating Member Securitized Property applicable to each Participating Member will be created concurrently with the sale of such property to the Issuer as provided in a Sale Agreement.
6. Sale of Securitized Property. The sale by each Participating Member of its Participating Member Securitized Property created by this financing order and the Financing Act to the Issuer as described in this financing order. Upon the transfer by any Participating Member of such Participating Member Securitized Property to the Issuer, the Issuer will have all of the rights, title and interest of the Participating Member with respect to such Participating Member Securitized Property, including, without limitation, the right to exercise any and all rights and remedies with respect thereto, including the right to authorize disconnection of electric service and to assess and collect any amounts payable by any customer in respect of such Participating Member Securitized Property.
7. Allocation Factors. The Allocation Factors are as set forth in **Exhibit B.**
8. Allocation of Cost Responsibility Among Participating Member Customers. The Scheduled Periodic Payment Requirement (as described in the Adjustment Mechanism approved pursuant to the next Ordering Paragraph) will be allocated among the customers of each Participating Member, other than Excluded Customers, as set forth in each Participating Member's tariff approved in this financing order.
9. Adjustment Mechanism. The Adjustment Mechanism, as described in **Exhibit A** to this financing order, irrevocably authorizes its use to adjust the Securitized Charges for each Participating Member to ensure the collection of Securitized Charges sufficient in the aggregate at all times to provide for the full and timely payment of scheduled principal of and interest on the Bonds and the payment and recovery of Ongoing Financing Costs. The Adjustment Mechanism shall be used to determine the initial Securitized Charges, which shall be determined based on the final pricing of the Bonds set forth in the Bond Purchase Agreement. The Adjustment Mechanism shall thereafter be applied at least semi-annually or more often as provided in **Exhibit A** to correct for any over-collection or under-collection of Securitized Charges by each Participating Member and to provide for timely payment of scheduled principal of and interest on the Bonds and the payment and recovery of Ongoing Financing Costs.
10. Master Servicer Calculations. The appointment of the Master Servicer (and any successor thereto), on behalf of the Issuer, to calculate the Net PPR and the Securitized Charges in the service area of any Participating Member, all pursuant to the Adjustment Mechanism. Each Participating Member shall provide to the Master Servicer on a timely basis the most recent consumption, usage, delinquency, write-off or other factors used by the Participating

Member to calculate its own charges, in order to ensure that the Master Servicer can implement the Adjustment Mechanism on a timely and accurate basis.

11. Securitized Charge Adjustment Not Subject to Review by Participating Members Except for Manifest Errors. Each adjustment to the Securitized Charges shall automatically become effective on the date specified in the True-Up Letter that is filed with the Participating Member by the Master Servicer, which Adjustment Date shall be no earlier than ten days following the filing of such True-Up Letter with the Participating Member. Each True-Up Adjustment shall take effect as described in **Exhibit A**. If the Participating Member or the Master Servicer determines that there is a computational or other manifest error in the adjustment to the Securitized Charges, the Participating Member and the Master Servicer shall work to correct such calculation, as necessary, and the Master Servicer shall promptly submit a revised True-Up Letter (or True-Up Letters, including letters to other Participating Members if such correction requires a re-calculation of the Securitized Charges for other Participating Member service areas), which True-Up Letter(s) shall become effective on the originally specified Adjustment Date. Notwithstanding the foregoing, if, in the sole discretion of the Master Servicer, any such correction cannot be made and implemented by any Participating Member before the Adjustment Date to ensure prompt and timely payment of the Bonds, all such corrections shall be made by the Master Servicer in the next adjustment filing, including an interim True-Up Adjustment made at the request of the Participating Member upon notification to the Master Servicer. Except for the review and correction of a True-Up Adjustment for computational or other manifest error, the adjustment is not subject to notice to customers, protest or appeal by any Participating Member or any customer of any Participating Member.
12. Recovery of Ongoing Financing Costs. All Ongoing Financing Costs shall be recovered and paid from the collections of the Securitized Charges. Ongoing Financing Costs include, without limitation, the replenishment of the capital subaccount to its required level and in order to ensure that each Participating Member's capital is returned in full to the Participating Member, as well as the recovery of the PCOU even if this results in Securitized Charges being imposed after the retirement of the Bonds.
13. Duration of Securitized Charge. The Securitized Charges approved by this financing order shall be imposed upon the date of issuance of the Bonds and shall be adjusted from time to time in accordance with the Adjustment Mechanism and collected by each Participating Member, as initial servicer, until all Bonds and Ongoing Financing Costs have been paid in full, provided that the Securitized Charges cannot be imposed on any date that is 30 years after the date of issuance of the Bonds, although Securitized Charges imposed before any such date may be collected after such date. Ongoing Financing Costs include the PCOU amount for all Under-Collected Service Areas as reflected in the PCOU calculated as of the Full Payment Date. On and after the Full Payment Date, Post Bond Payment SC Collections will continue in each Under-Collected Service Area and cease in each Over-Collected Service Area and shall be allocated to customers in the Over-Collected Service Areas as determined by the Master Servicer to ensure that over-paid service areas are fully credited for their over-payments.

14. Pledge of Securitized Property and Other Collateral. The Issuer will pledge the Securitized Property sold to the Issuer by the Participating Members and other collateral described in the Indenture to secure the payment of the Bonds and Ongoing Financing Costs. All the Securitized Property and other collateral must be held and administered by the Trustee under the Indenture approved for execution by the Issuer by the Authorized Officers of the Participating Members under the terms of this financing order. The Master Servicer shall take all actions required under the Financing Act to ensure that the security interest in the Securitized Property created by such pledge is perfected in accordance with the requirements of the Financing Act.
15. Non-bypassability. Each Participating Member, in accordance with the terms of the applicable Servicing Agreements and this financing order, will bill and collect the Securitized Charge, from all of its customers, other than Excluded Customers, connected to the Participating Member's system assets and taking service, regardless of whether its system assets continue to be owned by such Participating Member. Each Participating Member will be required to collect the Securitized Charges from such customers that switch to another retail electric service provider in the Participating Member's service area or to new retail customer on-site generation. Any customer (excluding Excluded Customers) that disconnects from a Participating Member's system and connects to another electric service provider must either pay a Termination Fee or continue to pay the Securitized Charges, which will be collected by such Participating Member, as servicer, or a successor servicer, any entity providing electric transmission or distribution services, or any retail electric provider providing services to the disconnecting customer, provided, however, that such collection will be performed in a manner, as determined by such Participating Member, which will not result in any of the credit ratings on the Bonds being lowered or suspended. Each Participating Member will require any customer (other than Excluded Customers) that chooses to self-generate through new onsite generation to pay the Securitized Charges as provided in each Participating Member's tariff approved in this financing order. These non-bypassability features are described in each Participating Member's tariff approved in this financing order.
16. Ownership Notification. If the Securitized Charges are not separately identified on bills presented to customers, each Participating Member, as servicer, must, at least annually, provide written notification to customers (by bill insert or otherwise) that the Securitized Property is owned by the Issuer and not the Participating Member or servicer billing the Securitized Charges.
17. Allocation of Partial Payments. To the extent that any customer makes a partial payment of a bill containing both Securitized Charges and any charges of a Participating Member, such payment shall be allocated by the Participating Member pro rata between the Securitized Charges and the Participating Member's charges.
18. Approval of Tariffs. Each Participating Member approves its respective form of tariff implementing the Securitized Charges and attached as **Exhibit F(1-10)**. Each Participating Member authorizes the Securitized Charges to go into effect and be imposed and billed commencing on the first day of the Participating Member's first billing cycle following issuance of the Bonds. For avoidance of doubt, the first day of a billing cycle is the day

that bills are sent to customers and the Securitized Charges shall be included on such bills even though the Securitized Charges were not effective on the dates such customers may have used electricity to which the Securitized Charges are applied. The form of each Participating Member's tariff implementing the Securitized Charges constitutes a part of this financing order and may not be amended or revised prior to such time as all Bonds and Ongoing Financing Costs have been paid in full, provided that the Securitized Charges cannot be imposed beginning 30 years after the date of issuance of the Bonds.

19. Servicing. Each Participating Member will service the Participating Member Securitized Property it sells to the Issuer in accordance with the terms of a Servicing Agreement. No Participating Member will resign as servicer unless the Participating Member is legally prohibited from performing such services. Brazos will provide the services set forth in this financing order to the Issuer, pursuant to the terms of the Master Servicing Agreement. The Master Servicer shall not resign unless the Master Servicer is legally prohibited from performing such services.
20. Default by Participating Member or Brazos. If a Participating Member defaults in its obligations under a Servicing Agreement, the Participating Member may be replaced pursuant to the terms of the Servicing Agreement and the Indenture, at the direction of the Master Servicer, the Trustee or the bondholders, as provided in such documents. If Brazos defaults in its obligations under the terms of the Master Servicing Agreement, Brazos may be replaced pursuant to the terms of the Master Servicing Agreement and the Indenture, at the direction of the Trustee or the bondholders, as provided in such documents.
21. Successors Bound. Each Participating Member and any successor or assignee of the Participating Member, or any other person with any operational control of any portion of the Participating Member's system assets, whether as owner, lessee, franchisee, or otherwise, and any successor servicer of collections of the Securitized Charges shall perform and satisfy all obligations imposed under the Financing Act and this financing order in the same manner and to the same extent as did its predecessor, including the obligation to bill, adjust, and enforce the payment of Securitized Charges.
22. Third-Party Billing. If any Participating Member permits retail competition to be introduced into the Participating Member's service area, the Participating Member shall not permit any third party to collect the Securitized Charges except under standards, procedures and conditions, approved by the Master Servicer in accordance with the terms of the Master Servicing Agreement, which are reasonably comparable to those set forth in financing orders adopted by the Commission under Subchapter G of Chapter 39 of the Texas Utilities Code, and that will not result in any of the credit ratings on the Bonds being lowered or suspended.
23. Equity Contribution. Each Participating Member will make an equity contribution to the Holdco LLC, which in turn will contribute such contributions to the Issuer on or before the date of delivery of the Bonds, for deposit into a capital subaccount held by the Trustee. The equity contribution to Holdco LLC from each Participating Member shall be an amount equal to 0.50% of the aggregate principal amount of the Bonds multiplied by the Participating Member's Allocation Factor. Upon payment in full of the Bonds, or if the

capital subaccount is underfunded at such time, upon total replenishment of such subaccount, the Holdco LLC, and in turn, each Participating Member shall be entitled to the return of its original equity contribution, in accordance with the terms of the Indenture and the terms of the LLC Agreements creating the Issuer and the Holdco LLC.

24. Appointment of Authorized Officers. The board of each Participating Member irrevocably appoints as their respective Authorized Officers the officers identified in **Exhibit L** attached hereto along with any successor in title to such officers, and their respective designees. Such Authorized Officers are hereby authorized and directed to take on behalf of the Participating Members, as applicable, or to cause the Issuer to take, in accordance with the LLC Agreements, in each case in accordance with this financing order, any and all actions such Authorized Officers determine to be necessary or convenient to achieve the highest possible credit rating on the Bonds, satisfy the Benefit and Savings Tests and effect the issuance of the Bonds by the Issuer and the sale of the Participating Member Securitized Properties to the Issuer in accordance with this financing order. The execution of any transaction document described in this financing order, or any related certificate or other instrument related thereto, by such Authorized Officers conclusively evidences the final approval and agreement of the applicable Participating Member with respect to such transaction document.
25. Approval of LLC Agreements. Each Participating Member approves the form of the LLC Agreements, in substantially the form attached to this financing order, and authorizes the execution and delivery of such agreements by such Participating Member's Authorized Officer, subject to such changes as such Authorized Officers shall approve in accordance with this financing order.
26. Approval of Participating Member Documents. Each Participating Member approves the forms of the Sale Agreement and the Servicing Agreement, in substantially the form attached to this financing order, and authorizes the execution and delivery of such agreements by an Authorized Officer of the Participating Member, subject to such changes as such Authorized Officer shall approve in accordance with this financing order.
27. Approval of Indenture and Master Servicing Agreement. The board of each Participating Member approves the forms of the Indenture and the Master Servicing Agreement in substantially the form attached to this financing order, subject to such changes as the Issuer and the Authorized Officer of each Participating Member shall approve, in accordance with, respectively, the LLC Agreement and this financing order. If Brazos defaults in its obligations under the Master Servicing Agreement, Brazos may be replaced pursuant to the terms of the Master Servicing Agreement and the Indenture, at the direction of the Trustee or the bondholders, as provided in such documents.
28. Approval of Bond Purchase Agreement. The board of each Participating Member authorizes and directs such Participating Member's Authorized Officer acting on its behalf, respectively, to negotiate and approve, in cooperation with the Issuer, and in accordance with the bond parameters and other requirements imposed by this financing order, the Bond Purchase Agreement to be executed by the Issuer, the Participating Members and the Initial Purchasers. The Authorized Officers of the Participating Members shall, prior to executing



the Bond Purchase Agreement, obtain a certificate of the Structuring Agent that certifies the structuring and pricing of the Bonds are consistent with market conditions and the terms of this financing order. The Issuer shall approve each Initial Purchaser, in accordance with the terms of the LLC Agreement and this financing order.


29. Manner of Sale. The board of each Participating Member approves the manner of offer and sale for the Bonds through a private placement in which the offer and sale of the Bonds will comply with the requirements of SEC Rule 144A and Regulation S, as set forth in the form of Indenture attached to this financing order. The board of each Participating Member hereby authorizes and directs such Participating Member's Authorized Officer acting on its behalf, respectively, to take all such actions necessary and convenient, including but not limited to the execution of any agreement, certificate or other instrument, to effect the offer and sale of the Bonds in accordance with this financing order.
30. Offering Documents. In order to provide the marketing and sale of the Bonds, each Participating Member will cooperate with the Issuer and provide such information, certifications and undertakings as the Issuer deems necessary in order to offer and sell the Bonds in compliance with the securities laws of the United States. Each Participating Member will provide information on a timely basis to the Issuer.
31. Ongoing Disclosure Requirements. Each Participating Member or other entity responsible for collecting Securitized Charges from customers must furnish to the Master Servicer, and to any successor to the Master Servicer, the information and documents necessary to enable the Master Servicer, acting on behalf of the Issuer, to comply with its ongoing disclosure and reporting requirements, if any, with respect to the Bonds under the securities laws of the United States and the terms of the Indenture and the Master Servicing Agreement.
32. Provision of Information. The Issuer shall take all necessary steps to ensure that the Participating Members, and their respective Authorized Officers, are each provided sufficient and timely information to allow each Participating Member to fully participate in execution of the combined securitization transaction authorized by this financing order.
33. Tax Liability. Each Participating Member shall pay any taxes or charges associated with the receipt of the Bond proceeds or the Securitized Charges imposed upon such Participating Member or the Issuer with respect to amounts allocable to such Participating Member.
34. Effectiveness. This financing order shall become effective only upon the occurrence of each of the following conditions: (i) adoption of this financing order by the board of each Participating Member, and (ii) entry of a Court Order by the Bankruptcy Court confirming the Brazos Chapter 11 Plan. Once effective, this financing order shall be irrevocable and not subject to denial, rescission, reduction, impairment, adjustment, or other alteration by further action of the board of any Participating Member, or by action of any regulatory or other governmental body of the State, except as permitted by Section 41.157(e) of the Texas Utilities Code.

35. Bankruptcy of Participating Member. This financing order shall remain in effect and unabated notwithstanding the bankruptcy of any Participating Member, its successors, or assignees.

Each Authorized Officer of a Participating Member attests and certifies that the board of directors of the Participating Member for which it is the Authorized Officer adopted and approved this financing order on the date set forth below such Authorized Officer's signature.

BARTLETT ELECTRIC COOPERATIVE, INC.

FORT BELKNAP ELECTRIC COOPERATIVE, INC.

By:   
Name: Bryan Lightfoot  
Title: General Manager/CEO  
Date: August 31, 2022

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

HAMILTON COUNTY ELECTRIC COOPERATIVE ASSOCIATION

HEART OF TEXAS ELECTRIC COOPERATIVE, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

HILCO ELECTRIC COOPERATIVE, INC.

MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

NAVARRO COUNTY ELECTRIC COOPERATIVE, INC.

NAVASOTA VALLEY ELECTRIC COOPERATIVE, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Each Authorized Officer of a Participating Member attests and certifies that the board of directors of the Participating Member for which it is the Authorized Officer adopted and approved this financing order on the date set forth below such Authorized Officer's signature.

BARTLETT ELECTRIC COOPERATIVE, INC.

By: \_\_\_\_\_  
Name:  
Title:  
Date:

FORT BELKNAP ELECTRIC COOPERATIVE, INC.

By: Kendall Montgomery  
Name: Kendall Montgomery  
Title: General Manager / CEO  
Date: August 25, 2022

HAMILTON COUNTY ELECTRIC COOPERATIVE ASSOCIATION

By: \_\_\_\_\_  
Name:  
Title:  
Date:

HEART OF TEXAS ELECTRIC COOPERATIVE, INC.

By: \_\_\_\_\_  
Name:  
Title:  
Date:

HILCO ELECTRIC COOPERATIVE, INC.

By: \_\_\_\_\_  
Name:  
Title:  
Date:

MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION

By: \_\_\_\_\_  
Name:  
Title:  
Date:

NAVARRO COUNTY ELECTRIC COOPERATIVE, INC.

By: \_\_\_\_\_  
Name:  
Title:  
Date:

NAVASOTA VALLEY ELECTRIC COOPERATIVE, INC.

By: \_\_\_\_\_  
Name:  
Title:  
Date:

Each Authorized Officer of a Participating Member attests and certifies that the board of directors of the Participating Member for which it is the Authorized Officer adopted and approved this financing order on the date set forth below such Authorized Officer's signature.

BARTLETT ELECTRIC COOPERATIVE, INC.

FORT BELKNAP ELECTRIC COOPERATIVE, INC.

By: \_\_\_\_\_  
Name:  
Title:  
Date:

By: \_\_\_\_\_  
Name:  
Title:  
Date:

HAMILTON COUNTY ELECTRIC COOPERATIVE ASSOCIATION

HEART OF TEXAS ELECTRIC COOPERATIVE, INC.

By: Cody Lasater  
Name: Cody Lasater  
Title: General Manager  
Date: 8/31/22

By: \_\_\_\_\_  
Name:  
Title:  
Date:

HILCO ELECTRIC COOPERATIVE, INC.

MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION

By: \_\_\_\_\_  
Name:  
Title:  
Date:

By: \_\_\_\_\_  
Name:  
Title:  
Date:

NAVARRO COUNTY ELECTRIC COOPERATIVE, INC.

NAVASOTA VALLEY ELECTRIC COOPERATIVE, INC.

By: \_\_\_\_\_  
Name:  
Title:  
Date:

By: \_\_\_\_\_  
Name:  
Title:  
Date:

Each Authorized Officer of a Participating Member attests and certifies that the board of directors of the Participating Member for which it is the Authorized Officer adopted and approved this financing order on the date set forth below such Authorized Officer's signature.

BARTLETT ELECTRIC COOPERATIVE,  
INC.

FORT BELKNAP ELECTRIC COOPERATIVE,  
INC


By: \_\_\_\_\_  
Name:  
Title:  
Date:

By: \_\_\_\_\_  
Name:  
Title:  
Date:

HAMILTON COUNTY ELECTRIC  
COOPERATIVE ASSOCIATION

HEART OF TEXAS ELECTRIC  
COOPERATIVE, INC.

By: \_\_\_\_\_  
Name:  
Title:  
Date:

By:   
Name: BRANDON YOUNG  
Title: GENERAL MANAGER & CEO  
Date: August 25, 2022

HILCO ELECTRIC COOPERATIVE, INC.

MID-SOUTH ELECTRIC COOPERATIVE  
ASSOCIATION

By: \_\_\_\_\_  
Name:  
Title:  
Date:

By: \_\_\_\_\_  
Name:  
Title:  
Date:

NAVARRO COUNTY ELECTRIC  
COOPERATIVE, INC.

NAVASOTA VALLEY ELECTRIC  
COOPERATIVE, INC.

By: \_\_\_\_\_  
Name:  
Title:  
Date:

By: \_\_\_\_\_  
Name:  
Title:  
Date:

Each Authorized Officer of a Participating Member attests and certifies that the board of directors of the Participating Member for which it is the Authorized Officer adopted and approved this financing order on the date set forth below such Authorized Officer's signature.

BARTLETT ELECTRIC COOPERATIVE, INC.

FORT BELKNAP ELECTRIC COOPERATIVE, INC.

By: \_\_\_\_\_  
Name:  
Title:  
Date:

By: \_\_\_\_\_  
Name:  
Title:  
Date:

HAMILTON COUNTY ELECTRIC COOPERATIVE ASSOCIATION


HEART OF TEXAS ELECTRIC COOPERATIVE, INC.

By: \_\_\_\_\_  
Name:  
Title:  
Date:

By: \_\_\_\_\_  
Name:  
Title:  
Date:

HILCO ELECTRIC COOPERATIVE, INC.

MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION

By:   
Name: *Thomas Cheek*  
Title: *GM/CEO*  
Date: *August 25, 2022*

By: \_\_\_\_\_  
Name:  
Title:  
Date:

NAVARRO COUNTY ELECTRIC COOPERATIVE, INC.

NAVASOTA VALLEY ELECTRIC COOPERATIVE, INC.

By: \_\_\_\_\_  
Name:  
Title:  
Date:

By: \_\_\_\_\_  
Name:  
Title:  
Date:

Each Authorized Officer of a Participating Member attests and certifies that the board of directors of the Participating Member for which it is the Authorized Officer adopted and approved this financing order on the date set forth below such Authorized Officer's signature.

BARTLETT ELECTRIC COOPERATIVE, INC.

FORT BELKNAP ELECTRIC COOPERATIVE, INC.

By: \_\_\_\_\_  
Name:  
Title:  
Date:

By: \_\_\_\_\_  
Name:  
Title:  
Date:

HAMILTON COUNTY ELECTRIC COOPERATIVE ASSOCIATION

HEART OF TEXAS ELECTRIC COOPERATIVE, INC.


By: \_\_\_\_\_  
Name:  
Title:  
Date:

By: \_\_\_\_\_  
Name:  
Title:  
Date:

HILCO ELECTRIC COOPERATIVE, INC.

MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION

By: \_\_\_\_\_  
Name:  
Title:  
Date:

By:   
Name: Kerry Kelton  
Title: General Manager and CEO  
Date: August 25, 2022

NAVARRO COUNTY ELECTRIC COOPERATIVE, INC.

NAVASOTA VALLEY ELECTRIC COOPERATIVE, INC.

By: \_\_\_\_\_  
Name:  
Title:  
Date:

By: \_\_\_\_\_  
Name:  
Title:  
Date:



Each Authorized Officer of a Participating Member attests and certifies that the board of directors of the Participating Member for which it is the Authorized Officer adopted and approved this financing order on the date set forth below such Authorized Officer's signature.

BARTLETT ELECTRIC COOPERATIVE, INC.

FORT BELKNAP ELECTRIC COOPERATIVE, INC.

By: \_\_\_\_\_  
Name:  
Title:  
Date:

By: \_\_\_\_\_  
Name:  
Title:  
Date:

HAMILTON COUNTY ELECTRIC COOPERATIVE ASSOCIATION

HEART OF TEXAS ELECTRIC COOPERATIVE, INC.

By: \_\_\_\_\_  
Name:  
Title:  
Date:

By: \_\_\_\_\_  
Name:  
Title:  
Date:

HILCO ELECTRIC COOPERATIVE, INC.

MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION

By: \_\_\_\_\_  
Name:  
Title:  
Date:

By: \_\_\_\_\_  
Name:  
Title:  
Date:

NAVARRO COUNTY ELECTRIC COOPERATIVE, INC.

NAVASOTA VALLEY ELECTRIC COOPERATIVE, INC.

By: *Billy Jones*  
Name: Billy Jones  
Title: General Manager and Chief Executive Officer  
Date: August 31, 2022

By: \_\_\_\_\_  
Name:  
Title:  
Date:

Each Authorized Officer of a Participating Member attests and certifies that the board of directors of the Participating Member for which it is the Authorized Officer adopted and approved this financing order on the date set forth below such Authorized Officer's signature.

BARTLETT ELECTRIC COOPERATIVE, INC.

FORT BELKNAP ELECTRIC COOPERATIVE, INC.

By: \_\_\_\_\_  
Name:  
Title:  
Date:

By: \_\_\_\_\_  
Name:  
Title:  
Date:

HAMILTON COUNTY ELECTRIC COOPERATIVE ASSOCIATION

HEART OF TEXAS ELECTRIC COOPERATIVE, INC.

By: \_\_\_\_\_  
Name:  
Title:  
Date:

By: \_\_\_\_\_  
Name:  
Title:  
Date:

HILCO ELECTRIC COOPERATIVE, INC.

MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION


By: \_\_\_\_\_  
Name:  
Title:  
Date:

By: \_\_\_\_\_  
Name:  
Title:  
Date:

NAVARRO COUNTY ELECTRIC COOPERATIVE, INC.

NAVASOTA VALLEY ELECTRIC COOPERATIVE, INC.

By: \_\_\_\_\_  
Name:  
Title:  
Date:

By:  \_\_\_\_\_  
Name: Jeff Gonzales  
Title: Board President  
Date: 9/1/2022

COOKE COUNTY ELECTRIC  
COOPERATIVE ASSOCIATION DBA  
PENTEX ENERGY

WISE ELECTRIC COOPERATIVE, INC.


By: *Neil Hesse*  
Name: *Neil Hesse*  
Title: *General Manager*  
Date: *8-26-2022*

By: \_\_\_\_\_  
Name:  
Title:  
Date:

COOKE COUNTY ELECTRIC  
COOPERATIVE ASSOCIATION DBA  
PENTEX ENERGY

WISE ELECTRIC COOPERATIVE, INC.

By: \_\_\_\_\_  
Name:  
Title:  
Date:

By:   
Name: RAYCE CANTWELL  
Title: GENERAL MANAGER  
Date: 8-29-22

## **LIST OF EXHIBITS AND APPENDICES**

**EXHIBIT A: ADJUSTMENT MECHANISM AND COST ALLOCATION METHODOLOGY FOR EACH PARTICIPATING MEMBER**

**EXHIBIT B: EXTRAORDINARY COSTS AND EXPENSES, ALLOCATION FACTORS, AND SALES PRICE FOR SECURITIZED PROPERTY**

**EXHIBIT C: FORM OF LLC AGREEMENT/HOLDCO LLC AGREEMENT**

**EXHIBIT D: ESTIMATE OF UPFRONT FINANCING COSTS**

**EXHIBIT E: ESTIMATE OF ONGOING FINANCING COSTS**

**EXHIBIT F: (1-12): FORMS OF TARIFFS**

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**EXHIBIT K: [RESERVED]**

**EXHIBIT L: LIST OF AUTHORIZED OFFICERS**

**SCHEDULE 1: EXCLUDED CUSTOMERS**

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**APPENDIX 1: SAVINGS ANALYSIS**

**EXHIBIT A**  
**ADJUSTMENT MECHANISM AND COST ALLOCATION METHODOLOGY FOR**  
**EACH PARTICIPATING MEMBER**

The Master Servicer will undertake the procedures set forth below to implement adjustment of the Securitized Charges applicable to the service area of each Participating Member, all in accordance with and subject to the terms of the Master Servicing Agreement. Each True-Up Adjustment shall be made by a filing by the Master Servicer, on behalf of the Issuer, with each Participating Member of a True-Up Letter in the applicable form attached to the Master Servicing Agreement.

Each True-Up Adjustment must (i) correct for any over-collections or under-collections to date and anticipated to be experienced up to the date of the next adjustment and (ii) ensure that the expected aggregate collections of the Securitized Charges from all Participating Members' service areas are adequate to pay timely principal and interest on the Bonds when due pursuant to the expected amortization schedule (the "**Expected Amortization Schedule**") and to make timely payment on all Ongoing Financing Costs for the 12-month period following the Adjustment Date. Each True-Up Adjustment will be designed to cause (i) the outstanding principal balance of the Bonds to be equal to the scheduled balance (based on the Expected Amortization Schedule) with respect to such Bonds; (ii) the amount in the capital subaccount to be equal to the amount required to be deposited in the capital subaccount under the terms of the Indenture; and (iii) any residual or excess funds subaccount to be targeted to be zero by the end of such 12-month period, or if earlier, the final payment date on the Bonds (excluding any collections triggered by a Deficiency Event).

The Securitized Charges will be calculated by the Master Servicer on (i) each date identified in the Master Servicing Agreement; and (ii) on each date that the Master Servicer determines that a Deficiency Event has occurred, *first* for the six-month (or shorter) period from the proposed Adjustment Date through the next bond payment date, and then for the twelve month period following the proposed Adjustment Date (each a "**Calculation Period**"), provided that the Calculation Period for any interim True-Up Adjustment following a Deficiency Event shall end on the next succeeding bond payment date. The resulting Securitized Charge will be the higher of the two Securitized Charges. The Master Servicer may also calculate and adjust the Securitized Charges for a specific service area at the request of the Member Servicer for such service area, in accordance with the terms set forth in the Master Servicing Agreement; provided, however, any such calculation and adjustment by the Master Servicer pursuant to the request of a Member Servicer shall not be effective if it would result in the reduction of the Securitized Charges for that service area.

Each True-Up Adjustment will involve the following steps to calculate the Securitized Charge in each Participating Member service area.

1. The Master Servicer will determine the Periodic Collection Over-Under (the "**PCOU**") of each Participating Member, as of a date no more than two business days prior to the date of such calculation (the "**Cut-Off Date**"). The PCOU for the Calculation Period for each Participating Member is the difference between (i) actual collections by such Participating Member collected during the period since the Cut-Off Date used in the last True-Up Adjustment, and (ii) the Participating Member's expected collections over the applicable time period derived from the

Net Periodic Payment Requirement (the “**Net PPR**”) in the last True-Up Adjustment. For each Participating Member, under-collections will be a negative number and over-collections will be a positive number. The PCOU for all Participating Members will be added together (the “**Total PCOU**”) for such Calculation Period.

2. The Master Servicer will determine the amount necessary to pay during such Calculation Period the interest and scheduled principal on the Expected Amortization Schedule, and all Ongoing Financing Costs (other than the replenishment of the capital reserve subaccount) due and payable in such Calculation Period in accordance with the transaction documents (collectively, the “**Scheduled Periodic Payment Requirement**” or “**Scheduled PPR**”).
3. The Master Servicer will determine each Participating Member’s Allocable PPR (as defined below) for such Calculation Period by multiplying the Scheduled PPR for the applicable Calculation Period by the Participating Member's Allocation Factor (the “**Allocable PPR**”).
4. The Master Servicer will determine the additional Periodic Payment Requirement (the “**Additional PPR**”) for each Participating Member for such Calculation Period by (i) multiplying the Participating Member’s PCOU by negative 1 and, if the Total PCOU is less than or equal to zero, subtracting (ii) the product of (a) the sum of (x) Total PCOU and (y) aggregate funds in the excess funds subaccount and general subaccount held under the Indenture, times (b) the Participating Member's Allocation Factor.
5. The Master Servicer will add the Additional PPR and the Allocable PPR for each Participating Member and calculate each Participating Member’s Net PPR.
6. The Master Servicer will calculate the Periodic Billing Requirement (“**PBR**”) by adjusting the Net PPR for each Participating Member by the most recent delinquency, write-offs and payment lag experience (i.e., to calculate the amount which must be billed to customers, in accordance with the tariff, to result in the collection of the Net PPR during such Calculation Period).
7. The Master Servicer will calculate the Securitized Charge for each Participating Member pursuant to the terms of the tariff applicable to such Participating Member.

The Master Servicer may make an interim adjustment to the Securitized Charges by filing with the Participating Members an interim True-Up Letter, if a Deficiency Event occurs.

Following the last scheduled final payment date of the Bonds, if any such Bonds remain outstanding after such scheduled final payment date, the Master Servicer will make quarterly adjustments to rates and file a True-Up Letter quarterly to ensure that the collections of Securitized Charges will be sufficient to pay timely interest and principal in full on the Bonds that remain outstanding after their scheduled final payment date and to make timely payment of all Ongoing Financing Costs on the next payment date.

**EXHIBIT B**

**QUALIFIED COSTS AND ALLOCATION FACTORS FOR SECURITIZED PROPERTY**

	Column A	Column B	Column C	Column D	Column E	Column F	Column G
Participating Member	Payable to Brazos for Storm Costs from Bond Proceeds	Proceeds to Participating Members for Other Extraordinary Costs and Expenses	Estimated Qualified Costs to Reimburse Capital Contribution	Total Qualified Costs Allocable to Participating Members	Allocation Factor (Based on Total Qualified Costs of each Participating Member)	Estimated Upfront Financing Costs	Total Allocation of Securitized Bond Proceeds
Bartlett Electric Cooperative	\$ 46,593,994	\$ 1,210,864	\$ 243,402	\$ 48,048,260	6.845%	\$ 876,465	\$ 48,924,725
Fort Belknap Electric Cooperative	12,324,673	9,800	62,802	12,397,275	1.766%	226,143	12,623,418
Hamilton County Electric Cooperative	49,810,057	-	253,611	50,063,668	7.133%	913,229	50,976,897
Heart of Texas Electric Cooperative	83,720,239	588,587	429,264	84,738,090	12.073%	1,545,737	86,283,827
HILCO Electric Cooperative	120,369,460	-	612,869	120,982,329	17.236%	2,206,881	123,189,210
Mid-South Electric Cooperative Association	98,146,891	13,261,312	567,242	111,975,445	15.953%	2,042,583	114,018,028
Navarro County Electric Cooperative	60,249,934	3,480,767	324,489	64,055,191	9.126%	1,168,453	65,223,644
Navasota Valley Electric Cooperative	50,781,438	2,639,491	271,996	53,692,925	7.650%	979,431	54,672,356
Cooke County Electric Cooperative Association dba PenTex Energy	61,132,088	-	-	61,132,088	8.709%	1,115,132	62,247,220
Wise Electric Cooperative	94,823,839	-	-	94,823,839	13.509%	1,729,714	96,553,553
<b>Total</b>	<b>\$ 677,952,613</b>	<b>\$ 21,190,821</b>	<b>\$ 2,765,676</b>	<b>\$ 701,909,110</b>	<b>100.000%</b>	<b>\$ 12,803,767</b>	<b>\$ 714,712,877</b>



**EXHIBIT C**  
**FORM OF LLC AGREEMENT/HOLDCO LLC AGREEMENT**

**LIMITED LIABILITY COMPANY AGREEMENT**

**OF**

**[BRAZOS SECURITIZATION] LLC**

a Delaware limited liability company

**THIS LIMITED LIABILITY COMPANY AGREEMENT** (as amended from time to time, this “Agreement”) of [Brazos Securitization] LLC, a Delaware limited liability company (the “Company”), effective as of [\_\_\_\_], 2022, is entered into by [Brazos Securitization Holdco] LLC (“Holdco”), a Delaware limited liability company, as the Member (as defined herein), Brazos Electric Power Cooperative, Inc., a Texas electric cooperative corporation, as the Manager (as defined herein), and [\_\_\_\_], as the Independent Manager (as defined herein), for the regulation of the affairs and conduct of the business of the Company.

**RECITALS**

**WHEREAS**, the Company was formed as a limited liability company under the laws of the State of Delaware pursuant to a certificate of formation filed with the Secretary of State of the State of Delaware on [\_\_\_\_] (as amended from time to time, the “Certificate of Formation”);

**WHEREAS**, the Company was formed, in relevant part, to issue and sell securitized bonds in accordance with Texas Senate Bill 1580 (Texas Utilities Code Section 41.151 *et seq.*) (“SB 1580”), which in turn enabled electric cooperatives to use securitization financing to recover certain qualified costs, including certain extraordinary costs and expenses incurred due to the Winter Storm Uri that occurred in February 2021;

**WHEREAS**, Holdco, as the Member, the Manager and the Independent Manager intend this Agreement to control, to the extent stated or implied, the business and affairs of the Company, including the Company’s governance structure and the Company’s dissolution, winding up and termination, as well as the Company’s involvement in agreements and contracts.

**AGREEMENT**

**NOW, THEREFORE**, in consideration of the foregoing and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto hereby agree as follows:

**Section 1. Definitions.**

“Act” means the Delaware Limited Liability Company Act, Del. Code Ann. §§ 18-101 *et seq.*, as amended.

“Affiliate” means a Person that directly, or indirectly through one or more intermediaries, Controls, or is Controlled by, or is under common Control with, the specified Person.

"Bankruptcy" means, with respect to any Person, (A) if such Person (i) makes an assignment for the benefit of creditors, (ii) files a voluntary petition in bankruptcy, (iii) is adjudged a bankrupt or insolvent, or has entered against it an order for relief, in any bankruptcy or insolvency proceedings, (iv) files a petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation or similar relief under any statute, law or regulation, (v) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against it in any proceeding of this nature, or (vi) seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of the Person or of all or any substantial part of its properties, or (B) if 120 days after the commencement of any proceeding against the Person seeking reorganization, arrangement, composition, readjustment, liquidation or similar relief under any statute, law or regulation, the proceeding has not been dismissed, or if within 90 days after the appointment without such Person's consent or acquiescence of a trustee, receiver or liquidator of such Person or of all or any substantial part of its properties, the appointment is not vacated or stayed, or within 90 days after the expiration of any such stay, the appointment is not vacated. The foregoing definition of "Bankruptcy" is intended to replace and shall supersede and replace the definition of "Bankruptcy" set forth in Sections 18-101(1) and 18-304 of the Act.

"Bankruptcy Action" means any one of the following:

- (a) knowingly taking any action that shall cause the Company to become insolvent;
- (b) commencing any case, proceeding or other action on behalf of the Company under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, including a voluntary bankruptcy action;
- (c) instituting proceedings to have the Company adjudicated as bankrupt or insolvent;
- (d) consenting to, acquiescing in, or inducing the institution of bankruptcy or insolvency proceedings against the Company;
- (e) filing a petition or consent to a petition seeking reorganization, arrangement, adjustment, winding-up, composition, liquidation or other relief on behalf of the Company of its debts under any federal or state law relating to bankruptcy;
- (f) seeking, consenting to, acquiescing in, or inducing the appointment of a receiver, liquidator, assignee, trustee, sequestrator, custodian or similar official for the Company or a substantial portion of its properties; or
- (g) making any assignment for the benefit of the Company's creditors.

"Bonds" means the [Brazos Securitization LLC, Series 2022 Securitized Bonds], issued under the Indenture or any other series of bonds issued by the Company pursuant to and in accordance with the Indenture.

"Closing Date" means the date on which the Bonds are issued.

“Control” (including the terms “Controlling,” “Controlled by” and “under common Control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise; provided, however, that a Person shall not be deemed to Control another Person solely because he or she is a director or manager of such other Person.

“Cooperative Seller” means any of Bartlett Electric Cooperative, Inc., a Texas corporation, Fort Belknap Electric Cooperative, Inc., a Texas corporation, Hamilton County Electric Cooperative Association, a Texas corporation, Heart Of Texas Electric Cooperative, Inc., a Texas corporation, HILCO Electric Cooperative, Inc., a Texas corporation, Mid-South Electric Cooperative Association, a Texas corporation, Navarro County Electric Cooperative, Inc., a Texas corporation, Navasota Valley Electric Cooperative, Inc., a Texas corporation, Cooke County Electric Cooperative Association, a Texas corporation, and Wise Electric Cooperative, Inc., a Texas corporation, or each of them, as the context requires.

“Financing Order” means that certain Financing Order of Participating Members of Brazos Electric Power Cooperative, Inc., dated as of [\_\_\_\_], 2022, and issued in accordance with SB 1580 to authorize and approve a combined securitization transaction of the Securitized Property of the Cooperative Sellers, among other actions.

“Governmental Authority” means any federal, state, municipal, national, or foreign government or other governmental authority, department, court, commission, board, bureau, agency or instrumentality or political subdivision thereof, including, without limitation, any agency related thereto, or any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, arbitrator or similar authority.

“Indenture” means the Indenture, dated as of the Closing Date, between the Company as issuer and the Indenture Trustee, as may be amended, supplemented or restated from time to time.

“Indenture Trustee” means Bank of New York Mellon Trust Company, N.A.

“Independent Manager” means a natural person who (A) shall not have been at the time of such Person’s appointment, and may not have been at any time during the preceding five years and shall not be as long as such Person is an Independent Manager of the Company (1) a direct or indirect legal or beneficial owner in the Company, Holdco, the Manager, the Master Servicer or any Cooperative Seller (collectively, the “Core Entities”), or in any of their respective Affiliates (excluding de minimis ownership interests), (2) a manager, member, officer, director, partner, shareholder or employee of any of the Core Entities or any of their respective managers, members, partners, subsidiaries, shareholders or Affiliates other than the Company; provided, however, that such Person may serve or have served as an independent manager, independent director, springing member or special member of the Company or an Affiliate of any of the Core Entities, (3) a supplier to any of the Core Entities, (4) a person controlling or under common control with any directors, members, partners, shareholder or supplier of any of the Core Entities or (5) a member of the immediate family of any director, member, partner, shareholder, officer, manager, employee or supplier of any of the Core Entities, (B) has prior experience as an independent director or manager for a corporation or limited liability company whose charter documents required the

unanimous consent of all independent directors or managers thereof before such corporation or limited liability company could consent to the institution of bankruptcy or insolvency proceedings against it or could file a petition seeking relief under any applicable federal or state law relating to bankruptcy and (C) has at least three years of employment experience with one or more entities that provide, in the ordinary course of their respective businesses, advisory, management or placement services to issuers of securitization or structured finance instruments, agreements or securities; provided, that the indirect or beneficial ownership of stock of any of the Core Entities through a mutual fund or similar diversified investment vehicle with respect to which the owner does not have discretion or control over the investments held by such diversified investment vehicle shall not preclude such owner from being an Independent Manager.

"Manager" means the Person selected to be the manager of the Company from time to time by the Member. A Manager is hereby designated as a "manager" of the Company within the meaning of Section 18-101(12) of the Act. The initial Manager is Brazos Electric Power Cooperative, Inc.

"Master Servicing Agreement" means that certain securitized property master servicing agreement to be dated on or about the Closing Date, between the Company, as issuer, and the Master Servicer.

"Master Servicer" means Brazos Electric Power Cooperative, Inc., a Texas electric cooperative corporation.

"Member" means Holdco, as the initial member of the Company, and includes any Person admitted as an additional member of the Company or a substitute member of the Company pursuant to the provisions of this Agreement, each in its capacity as a member of the Company; provided, however, the term "Member" shall not include the Special Member.

"Member Servicing Agreement" means each of those certain securitized property servicing agreements to be dated on or about the Closing Date, between the Company, as issuer, and a Cooperative Seller, as a servicer.

"Officer" means an officer of the Company designated as set forth in Section 9(d).

"Person" means an individual, corporation, partnership, firm, limited liability company, association, trust, unincorporated organization or other entity, as well as any syndicate or group deemed to be a person pursuant to Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.

"Property Sales Agreement" means each securitized property purchase and sale agreement to be dated on or about the Closing Date, between the Company and a Cooperative Seller, providing for the sale of the Securitized Property of such Cooperative Seller to the Company.

"Securitized Property" means the assets of each of the Cooperative Sellers sold to the Company pursuant to the related Property Sales Agreement, including without limitation the right to impose, bill, collect, receive and enforce the securitized charges as described in the Financing Order, as adjusted from time to time pursuant to and in accordance with the Financing Order.

"Special Member" means, upon such person's admission to the Company as a member of the Company pursuant to Section 5(c), a person acting as Independent Manager, in such person's capacity as a member of the Company. A Special Member shall only have the rights and duties expressly set forth in this Agreement.

"Transaction Documents" shall have the meaning ascribed thereto in Section 3(a)(iii) hereof.

**Section 2.** Name. The name of the limited liability company formed hereby is [Brazos Securitization] LLC.

**Section 3.** Purpose and Powers.

(a) The Company is hereby formed for the following purposes:

(i) to acquire the Securitized Property from each of the Cooperative Sellers pursuant to the Property Sales Agreements;

(ii) to authorize, issue, sell, deliver, purchase, invest in and/or enter into agreements in connection with the issuance and sale of the Bonds pursuant to and in accordance with the Indenture, whereby such Bonds shall (A) be collateralized or otherwise secured or backed by, or otherwise represent interests in the Securitized Property and other assets transferred to the Company by the Cooperative Sellers in connection with the issuance of the Bonds and (B) not constitute a claim against the Company (other than the contribution(s) described in Section 8 below) to the extent that funds produced by the Securitized Property and other assets transferred to the Company by the Member in connection with the issuance of the Bonds, are insufficient to allow full and/or timely payment of principal and interest thereon in accordance with the terms thereof;

(iii) to execute and deliver, and perform its obligations under, the Indenture, the Property Sales Agreements, the Master Servicing Agreement, the Member Servicing Agreements and any bond offering documents, trust, agency and escrow agreements, purchase and sale agreements, deposit account agreements, servicing agreements, custodial agreements, swap agreements, hedge agreements, credit enhancement agreements, participation agreements or similar agreements, and any amendments to any of the foregoing or any documents similar to the foregoing and all documents, agreements, certificates, instruments or financing statements contemplated thereby or related thereto (collectively, the "Transaction Documents"), all without any further act, vote or approval of any other Person notwithstanding any other provision of this Agreement, or, to the fullest extent permitted by law, the Act or applicable law, rule or regulation;

(iv) to incur additional indebtedness or other liabilities payable to service providers and trade creditors in the ordinary course of business, as permitted by the Transaction Documents, in connection with the foregoing activities;

(v) to (A) acquire, own, hold, sell, transfer, assign, pledge, finance, redeem, refinance, reissue and otherwise deal in or with the Bonds, (B) acquire, own, hold, sell, transfer, assign, pledge, finance, refinance, and otherwise deal in or with the Securitized Property and other assets transferred to the Company by the Member or by the Cooperative Sellers in connection with the issuance of the Bonds, and (C) upon the advice of the Manager, to sell or otherwise dispose of any or all of the Securitized Property as permitted by the Indenture; and

(vi) subject to the limitations set forth in Section 20 of this Agreement, to engage in any activity and to exercise any power that is incidental to or that renders convenient the accomplishment of any or all of the foregoing and that is permitted to limited liability companies under the laws of the State of Delaware and that is not required to be set forth specifically in this Agreement.

(b) The Company is hereby authorized to execute, deliver and perform, and each of the Member, the Manager and each Officer, acting singly, on behalf of the Company, is hereby authorized to execute and deliver, the Transaction Documents and all documents, agreements, certificates or financing statements contemplated thereby or related thereto, all without any further act, vote or approval of any other Person notwithstanding any other provision of this Agreement or, to the fullest extent permitted by law, the Act or applicable law, rule or regulation. The foregoing authorization shall not be deemed a restriction on the powers of the Member, the Manager or any Officer to enter into other agreements on behalf of the Company pursuant to and in accordance with the Indenture and the other Transaction Documents.

**Section 4.** Registered Agent and Office; Principal Place of Business. The Company's registered agent in Delaware shall be The Corporation Trust Company, and the registered office of the Company is Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801.

**Section 5.** Admission of Holdco as Sole Member.

(a) General. Simultaneously with the execution and delivery of this Agreement and the filing of the Certificate of Formation with the office of the Secretary of State of the State of Delaware, Holdco is hereby admitted as the sole Member of the Company.

(b) Written Consent. Subject to Sections 10 and 20, the Member may act by written consent.

(c) Special Member. Upon the occurrence of any event that causes the Member to cease to be a member of the Company (other than upon continuation of the Company without dissolution upon (i) an assignment by Holdco of all of its limited liability company interest in the Company and the admission of the transferee pursuant to Section 12, or (ii) the admission of an additional member of the Company pursuant to Section 12), the Person acting as an Independent Manager pursuant to Section 20(c) shall, without any action of any Person and simultaneously with the Member ceasing to be a member of the Company, automatically be admitted to the Company as the Special Member and shall continue the Company without dissolution. The Special Member may not resign from the Company or

transfer its rights as a member unless (i) a successor member has been admitted to the Company as a member by executing a counterpart to this Agreement, and (ii) such successor has also accepted its election as an Independent Manager pursuant to Section 20(c); provided, however, that such successor member shall automatically cease to be a member (but not an Independent Manager) of the Company upon the admission to the Company of a replacement member in accordance with Section 13. The Special Member shall be a member of the Company for all purposes herein, except that such Special Member shall have no: (i) interest in the profits, losses, capital and equity of the Company or the right to receive any distributions of Company assets, (ii) power to bind the Company or (iii) right to vote on, approve or otherwise consent to any action by, or matter relating to, the Company, including, without limitation, the merger, consolidation, division or conversion of the Company, except as required by any mandatory provisions of the Act. In order to implement the admission to the Company of the Special Member, the Person acting as an Independent Manager pursuant to Section 20(c) shall execute a counterpart signature page to this Agreement. Prior to his or her admission to the Company as the Special Member, the Person acting as an Independent Manager pursuant to Section 20(c) shall not be a member of the Company.

**Section 6.** Interest. The Company shall be authorized to issue a single class of limited liability company interests (as defined in the Act) (the “Interests”). The Company hereby issues 100% of the Interests to Holdco, including any and all benefits to which the holder of such an Interest may be entitled in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement.

**Section 7.** Term. The term of the Company commenced upon the filing of the Certificate of Formation with the office of the Secretary of State of the State of Delaware, and the Company shall have perpetual existence unless the Company shall be dissolved in accordance with the Act. The existence of the Company as a separate legal entity shall continue until cancellation of the Certificate of Formation as provided in the Act.

**Section 8.** Capital Contributions. The assets of the Company are expected to generate a return sufficient to satisfy all obligations of the Company under the Indenture, the Bonds and the other Transaction Documents. On or prior to Closing Date, the Member, using funds provided to it for this purpose by the Cooperative Sellers or by the Manager on behalf of the Cooperative Sellers, shall make a capital contribution to the Company in an amount equal to at least 0.50% of the initial principal amount of the Bonds or such greater amount as agreed to by the Member, which amount the Company shall deposit into the account established for such purpose by the Indenture Trustee as provided under the Indenture. The Member may contribute additional cash or other property to the Company as it shall decide from time to time. Any capital contributions made by the Member to the Company shall be evidenced in the books and records of the Company maintained by the Manager. All capital contributions shall be made in accordance with all applicable limited liability company procedures and requirements, including proper record keeping by the Manager and the Company.



**Section 9. Management.**

(a) Management. The management of the Company shall be vested in the Manager. The Manager shall perform its duties as such in good faith, in a manner it reasonably believes to be in the best interests of the Company, and with such care as an ordinary prudent person in a like position would use under similar circumstances. Except as required by the Act, the Manager shall not be liable under a judgment, decree or order of court, or in any other manner, for a debt, obligation or liability of the Company, solely by reason of being a manager of the Company. The Manager shall provide advice in connection with management and disposal of the Securitized Property to the extent permitted by and contemplated under the Transaction Documents.

(b) Authority of the Manager. Except as otherwise provided in this Agreement, all powers to control and manage the business and affairs of the Company shall be vested exclusively in the Manager and the Manager may exercise all powers of the Company and do all such lawful acts as permitted by the Act. In so doing the Manager shall have the right and authority to take all actions that it deems necessary, useful or appropriate for the management and conduct of the business of the Company; provided, however, that the Manager may not amend this Agreement without the prior written consent of the Member (and, with respect to any amendment of any of Sections 1, 3, 9, 10, 13 and 20, only with the prior written consent of the Independent Manager) at any time.

(c) Officers. The initial officers of the Company shall be appointed by the Manager and shall have all the powers and duties permitted under this Agreement, including such other powers and duties as may from time to time be assigned by the Manager. The Manager hereby authorizes the officers of the Company to execute and deliver, and perform the Company's obligations under, any agreements on behalf of the Company to the extent permitted and contemplated by the Transaction Documents, and hereby ratifies and approves any and all actions of, and agreements executed and delivered by, the officers prior to the date hereof. The Manager shall have the right and power to remove and replace any of the initial officers with or without cause and, in general, shall be vested with full power, control and discretion over the appointment of officers subsequent to the date hereof.

The initial officers of the Company shall be:

Chief Executive Officer – [\_\_\_\_\_]

Treasurer – [\_\_\_\_\_]

Secretary – [\_\_\_\_\_]

The Manager, each of the officers of the Company and [\_\_\_\_\_] shall each be an “authorized person” within the meaning of the Act for purposes of executing the Company’s Certificate of Formation.

(d) Indemnification of the Sole Member, the Manager, the Special Member, Officers and the Independent Manager. Unless otherwise provided in this Section 9, the Company shall, to the fullest extent permitted by law, indemnify, save harmless, and pay all judgments and claims against the Member, the Special Member, the Independent Manager, the Manager and any officer of the Member, the Special Member, the Independent Manager, the Manager and the Company relating to any liability or damage incurred by reason of any act performed or omitted to be performed by the Member, the Special Member, the Independent Manager, the Manager or any officer of the Member, the Special Member, the Independent Manager, the Manager and the Company in connection with the business of the Company, including reasonable attorneys' fees incurred by any officer in connection with the defense of any action based on any such act or omission, which attorneys' fees may be paid as incurred. Unless otherwise provided in this Section 9, in the event of any action by the Member against the Independent Manager or any officer, the Company shall, to the fullest extent permitted by law, indemnify, save harmless, and pay all expenses of the Independent Manager or such officer, including reasonable attorneys' fees incurred in the defense of such action. Notwithstanding the provisions of this Section 9, this Section 9(d) shall be enforced only to the maximum extent permitted by law and no officer nor any of the Special Member, Independent Manager or the Manager shall be indemnified from any liability for fraud, intentional misconduct, gross negligence or a knowing violation of the law which was material to the cause of action.

(e) Scope of this Section. The terms and provisions of this Section 9 are subject to the terms and provisions of Section 20. In the event of any conflict between the terms or provisions of this Section 9 and the terms or provisions of Section 20, the terms and provisions of Section 20 shall control.

**Section 10. Rights and Powers of the Member.**

(a) Rights and Powers. Notwithstanding any other provision of this Agreement, but subject to the provisions of Section 20, no action may be taken by the Company or by the Manager in connection with any of the following matters without the prior written consent of the Member and the affirmative vote of the Independent Manager:

- (i) To the fullest extent permitted by law, the dissolution or liquidation, in whole or in part, of the Company;
- (ii) the merger of the Company with any other entity or the division of the Company into two or more entities;
- (iii) the sale of all or substantially all of the Company's assets (other than a sale or transfer of all or a portion of the Securitized Property to the extent permitted by the Indenture); or
- (iv) the amendment of this Agreement, provided that other than the amendment of any of Sections 1, 3, 9, 10, 13 and 20 of this Agreement the amendment shall require the prior written consent of the Member only.

(b) Registered Holders. The Company shall be entitled to recognize the exclusive right of a Person registered on its books as the owner of an Interest to receive distributions and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of an Interest, and shall not be bound to recognize any equitable or other claim to or interest in such Interest on the part of any other Person, regardless of whether it shall have received actual or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

**Section 11.** Distributions. The Member may cause the Company to distribute to the Member at any time any cash and/or other property held by the Company that is not reasonably necessary for the operation of the Company so long as such distribution is not in violation of the Act and Section 14 of this Agreement, and is permitted by and contemplated under the Transaction Documents.

**Section 12.** Additional Members. Except as provided in Section 5(c) with respect to the Special Member, no additional Persons may be admitted as members in the Company, except upon an assignment of an Interest upon the terms and conditions determined by the Manager.

**Section 13.** Dissolution. The Company shall dissolve, and its affairs shall be wound up, upon the earliest to occur of (a) subject to the provisions of Section 10 and Section 20, the decision of the Member, (b) the termination of the legal existence of the last remaining member of the Company or the occurrence of any other event which terminates the continued membership of the last remaining member of the Company in the Company unless the Company is continued without dissolution in a manner permitted by this Agreement or the Act or (c) the entry of a decree of judicial dissolution of the Company under Section 18-802 of the Act; provided, however, that in no event may the Member dissolve the Company pursuant to clause (a) until all obligations of the Company, including without limitation all obligations of the Company under the Transaction Documents, shall have been paid in full.

Notwithstanding any other provision of this Agreement, the Bankruptcy of the Member or the Special Member shall not cause the Member or Special Member, respectively, to cease to be a member of the Company and upon the occurrence of such an event, the Company shall continue without dissolution.

**Section 14.** Distributions upon Dissolution. Upon the occurrence of an event set forth in Section 13, the Member shall be entitled to receive, after paying or making reasonable provisions for all of the Company's creditors to the extent required by Section 18-804 of the Act, the remaining property or funds of the Company, if any.

**Section 15.** Tax Status. The Member intends that the Company shall be disregarded as an entity that is separate from the Member for U.S. federal income tax purposes and for all relevant state income tax purposes. None of the Member, the Independent Manager or the Company will file an election for the Company to be treated as an association taxable as a corporation for U.S. federal income tax purposes.

**Section 16. Limited Liability.** The Member, in its capacity as a member of the Company, shall not have any liability for the obligations of the Company except to the extent required by the Act.

**Section 17. Amendment.** Subject to the provisions of Sections 9, 10 and 20, this Agreement may be amended only in a writing signed by the Member and the Manager.

**Section 18. Governing Law.** THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED UNDER THE SUBSTANTIVE LAWS OF THE STATE OF DELAWARE WITHOUT GIVING EFFECT TO CONFLICTS OF LAW PRINCIPLES OF SUCH STATE.

**Section 19. Severability.** Every term and provision of this Agreement (other than the terms and provisions of Section 20) is intended to be severable, and if any such term or provision of this Agreement is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the legality or validity of the remainder of this Agreement. The preceding sentence shall be of no force or effect if the consequence of enforcing the remainder of this Agreement without such illegal or invalid term or provision would be to cause any party to lose the benefit of its economic bargain.

**Section 20. Special Purpose Entity Provisions.**

(a) Notwithstanding any other provision of this Agreement to the contrary, the Company shall not do any of the following:

(i) engage in any business or activity other than as set forth in Section 3 hereof;

(ii) except as contemplated by the Transaction Documents, enter into transactions with Affiliates unless such transactions are on an arm's-length basis, on commercially reasonable terms and on terms no less favorable than would be obtained in a comparable arm's-length transaction with an unrelated third party.

(iii) to the fullest extent permitted by law, dissolve or liquidate, in whole or in part;

(iv) divide, consolidate or merge with or into any other entity or sell, lease, assign, convey or otherwise transfer all or substantially all of its properties and assets to any Person; or

(v) take any action that knowingly shall cause the Company to become insolvent.

(b) Notwithstanding any other provision of this Agreement to the contrary, the Company shall:

(i) maintain books, records, resolutions and agreements as official records and separate from each other Person;

- (ii) maintain its bank accounts separate from each other Person;
- (iii) not commingle its assets with those of any other Person and hold all of its assets in its own name except as contemplated by the Transaction Documents;
- (iv) conduct its own business in its own name;
- (v) maintain separate financial statements, showing its assets and liabilities separate and apart from those of each other Person and not have its assets listed on the financial statements of another Person, except as required by U.S. generally accepted accounting principles consistently applied (“GAAP”);
- (vi) pay its own liabilities and expenses only out of its own funds;
- (vii) observe all limited liability company and other organizational formalities and comply in all material respects with the terms of this Agreement;
- (viii) not guarantee or become obligated for the debts of any other Person except as contemplated by the Transaction Documents;
- (ix) not hold out its credit as being available to satisfy the obligations of any other Person;
- (x) not incur any indebtedness except as contemplated by the Transaction Documents;
- (xi) allocate fairly and reasonably any overhead expenses that are shared with an Affiliate (including, without limitation, telephone and other utility charges, the services of shared employees, consultants and agents, and reasonable legal and auditing expenses), and other items of cost and expense shared between the Company and any of its Affiliates, on the basis of actual use to the extent practicable, and to the extent such allocation is not practicable, on a basis reasonably related to actual use or the value of services rendered;
- (xii) use separate stationery, invoices, and checks bearing its own name (or under any name licensed pursuant to any trademark license or similar agreement);
- (xiii) not pledge its assets for the benefit of any other Person or make any loans or advances to any entity except as contemplated by the Transaction Documents;
- (xiv) hold itself out as a separate entity, except for income tax purposes;
- (xv) correct any known or suspected misunderstanding regarding its separate identity;
- (xvi) not identify itself or hold itself out as a division of any other Person;

(xvii) maintain adequate capital in light of its current and contemplated business operations;

(xviii) file separate tax returns from those of each other Person but only if required by law;

(xix) maintain its assets in such a manner that it will not be costly or difficult to segregate, ascertain or identify its individual assets from those of any other Person;

(xx) compensate all employees, consultants and agents from the Company's own funds for services provided to the Company by such employees, consultants and agents, and, to the extent any employee, consultant or agent of the Company is also an employee, consultant or agent of an Affiliate of the Company, allocate the compensation of such employee, consultant or agent between the Company and such Affiliate on a basis which reflects the respective services rendered to the Company and such Affiliate;

(xxi) treat and cause the Member to treat the transfer of the Securitized Property from the Cooperative Sellers to the Company as a true sale under SB 1580;

(xxii) so long as any of the Bonds are outstanding, treat the Bonds as debt for all purposes and specifically as debt of the Company, other than for financial reporting or for state or federal regulatory purposes; and

(xxiii) solely for purposes of federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for purposes of state, local and other taxes, so long as any of the Bonds are outstanding, treat the Bonds as indebtedness of the Cooperative Sellers secured by the Securitized Property unless otherwise required by appropriate taxing authorities.

(c) Independent Manager. The Company shall engage an Independent Manager. The Independent Manager may not delegate its duties, authorities or responsibilities hereunder. If any Independent Manager resigns, dies or becomes incapacitated, or such position is otherwise vacant, no action requiring the affirmative vote of the Independent Manager shall be taken until a successor Independent Manager is appointed by the Member and qualifies and approves such action. When voting on matters subject to Section 10 or Section 20(a), to the fullest extent permitted by law, including Section 18-1101(c) of the Act, and notwithstanding any duty otherwise existing at law or in equity, the Independent Manager shall consider only the interests of the Company, including its creditors. In the event of a replacement of the Independent Manager, the Company shall provide three (3) business days' prior written notice to the Indenture Trustee.

(d) Bankruptcy Actions. Notwithstanding any other provision of this Agreement to the contrary and any provision of law that otherwise so empowers the Company, the Member, the Manager or any officer or any other Person, neither the Member nor the Manager nor any officer nor any other Person shall be authorized or

empowered on behalf of the Company to, nor shall they permit the Company to, and the Company shall not, without the prior unanimous written consent of the Member and the Independent Manager, take any Bankruptcy Action; provided, however, that the Member may not authorize the taking of any Bankruptcy Action, unless there is at least one Independent Manager then serving in such capacity and such Independent Manager has consented thereto.

(e) Amendment. Notwithstanding any other provision of this Agreement to the contrary, the Company shall not amend or modify the Certificate of Formation or any of Section 1, Section 3, Section 9, Section 10, Section 13 or this Section 20 without the affirmative vote of the Member and the affirmative vote of the Independent Manager.

**Section 21.** Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original of this Agreement and all of which together shall constitute one and the same instrument.[*Signature Page Follows*]

**IN WITNESS WHEREOF**, the undersigned have caused this Limited Liability Company Agreement of the Company to be executed as of the date first above written.

**MEMBER:**

**[BRAZOS SECURITIZATION HOLDCO]  
LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**MANAGER:**

**BRAZOS ELECTRIC POWER  
COOPERATIVE, INC.,**  
a Texas electric cooperative corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**INDEPENDENT MANAGER:**

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[NAME]

**LIMITED LIABILITY COMPANY AGREEMENT**

**OF**

**[BRAZOS SECURITIZATION HOLDCO] LLC**

a Delaware limited liability company

**THIS LIMITED LIABILITY COMPANY AGREEMENT** (as amended from time to time, this “Agreement”) of [Brazos Securitization Holdco] LLC, a Delaware limited liability company (the “Company”), effective as of [\_\_\_\_], 2022, is entered into by each of Bartlett Electric Cooperative, Inc., a Texas corporation, Fort Belknap Electric Cooperative, Inc., a Texas corporation, Hamilton County Electric Cooperative Association, a Texas corporation, Heart Of Texas Electric Cooperative, Inc., a Texas corporation, HILCO Electric Cooperative, Inc., a Texas corporation, Mid-South Electric Cooperative Association, a Texas corporation, Navarro County Electric Cooperative, Inc., a Texas corporation, Navasota Valley Electric Cooperative, Inc., a Texas corporation, Cooke County Electric Cooperative Association, a Texas corporation, and Wise Electric Cooperative, Inc., a Texas corporation, each as a member (each, a “Member” and collectively, the “Members”), Brazos Electric Power Cooperative, Inc., a Texas electric cooperative corporation, as the manager (the “Manager”), and the Company for the regulation of the affairs and conduct of the business of the Company.

**RECITALS**

**WHEREAS**, the Company was formed as a limited liability company under the laws of the State of Delaware pursuant to a certificate of formation filed with the Secretary of State of the State of Delaware on [\_\_\_\_] (as amended from time to time, the “Certificate of Formation”);

**WHEREAS**, the Company was formed, in relevant part, to be the sole member of [Brazos Securitization] LLC (the “Issuer LLC”) which was formed to issue and sell securitized bonds in accordance with Texas Senate Bill 1580 (Texas Utilities Code Section 41.151 *et seq.*) (“SB 1580”), which in turn enabled electric cooperatives to use securitization financing to recover certain qualified costs, including certain extraordinary costs and expenses incurred due to the Winter Storm Uri that occurred in February 2021; and

**WHEREAS**, the Members and the Manager intend this Agreement to control, to the extent stated or implied, the business and affairs of the Company, including the Company’s governance structure and the Company’s dissolution, winding up and termination, as well as the Company’s involvement in agreements and contracts.

**AGREEMENT**

**NOW, THEREFORE**, in consideration of the foregoing and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto hereby agree as follows:

**Section 1. Definitions.**

“Act” means the Delaware Limited Liability Company Act, Del. Code Ann. §§ 18-101 *et seq.*, as amended.

“Affiliate” means a Person that directly, or indirectly through one or more intermediaries, Controls, or is Controlled by, or is under common Control with, the specified Person.

“Bankruptcy Action” means any one of the following:

- (a) knowingly taking any action that shall cause the Company to become insolvent;
- (b) commencing any case, proceeding or other action on behalf of the Company under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, including a voluntary bankruptcy action;
- (c) instituting proceedings to have the Company adjudicated as bankrupt or insolvent;
- (d) consenting to, acquiescing in, or inducing the institution of bankruptcy or insolvency proceedings against the Company;
- (e) filing a petition or consent to a petition seeking reorganization, arrangement, adjustment, winding-up, composition, liquidation or other relief on behalf of the Company of its debts under any federal or state law relating to bankruptcy;
- (f) seeking, consenting to, acquiescing in, or inducing the appointment of a receiver, liquidator, assignee, trustee, sequestrator, custodian or similar official for the Company or a substantial portion of its properties; or
- (g) making any assignment for the benefit of the Company’s creditors.

“Bonds” means the [Brazos Securitization LLC, Series 2022 Securitized Bonds], issued under the Indenture or any other series of bonds issued by the Issuer LLC pursuant to and in accordance with the Indenture.

“Closing Date” means the date on which the Bonds are issued.

“Code” means the Internal Revenue Code of 1986.

“Control” (including the terms “Controlling,” “Controlled by” and “under common Control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise; provided, however, that a Person shall not be deemed to Control another Person solely because he or she is a director or manager of such other Person.

“Financing Order” means that certain Financing Order of Participating Members of Brazos Electric Power Cooperative, Inc., dated as of [\_\_\_\_], 2022, and issued in accordance with SB

1580 to authorize and approve a combined securitization transaction of the Securitized Property of the Members, among other actions.

“Governmental Authority” means any federal, state, municipal, national, or foreign government or other governmental authority, department, court, commission, board, bureau, agency or instrumentality or political subdivision thereof, including, without limitation, any agency related thereto, or any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, arbitrator or similar authority.

“Indenture” means the Indenture, dated as of the Closing Date, between the Issuer LLC, as issuer, and the Indenture Trustee, as may be amended, supplemented or restated from time to time.

“Indenture Trustee” means Bank of New York Mellon Trust Company, N.A.

“Master Servicing Agreement” means that certain securitized property master servicing agreement to be dated on or about the Closing Date, between the Issuer LLC, as issuer, and the Master Servicer.

“Master Servicer” means Brazos Electric Power Cooperative, Inc., a Texas electric cooperative corporation.

“Member Servicing Agreement” means each of those certain securitized property servicing agreements to be dated on or about the Closing Date, between the Issuer LLC, as issuer, and a Member, as a servicer.

“Officer” means an officer of the Company designated as set forth in Section 9(d).

“Person” means an individual, corporation, partnership, firm, limited liability company, association, trust, unincorporated organization or other entity, as well as any syndicate or group deemed to be a person pursuant to Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.

“Property Sales Agreement” means each securitized property purchase and sale agreement to be dated on or about the Closing Date, between the Issuer LLC and a Member, providing for the sale of the Securitized Property of such Member to the Issuer LLC.

“Securitized Property” means the assets of each of the Members sold to the Issuer LLC pursuant to the related Property Sales Agreement, including without limitation the right to impose, bill, collect, receive and enforce the securitized charges as described in the Financing Order, as adjusted from time to time pursuant to and in accordance with the Financing Order.

“Transaction Documents” shall have the meaning ascribed thereto in Section 3(a)(iii) hereof.

“Treasury Regulations” means regulations, including proposed or temporary regulations, promulgated under the Code. References herein to specific provisions of proposed or temporary

regulations shall include analogous provisions of final Treasury Regulations or other successor Treasury Regulations.

**Section 2.** Name. The name of the Company formed hereby is [Brazos Securitization Holdco] LLC.

**Section 3.** Purpose and Powers.

(a) The Company is hereby formed for the following purposes:

(i) to own 100% of the membership interests issued by, and to be the sole member of, the Issuer LLC;

(ii) to authorize, issue, sell, deliver, purchase, invest in and/or enter into agreements in connection with the issuance and sale of the Bonds by the Issuer LLC pursuant to and in accordance with the Indenture, whereby such Bonds shall (A) be collateralized or otherwise secured or backed by, or otherwise represent interests in the Securitized Property and other assets transferred to the Issuer LLC by the Members in connection with the issuance of the Bonds and (B) not constitute a claim against the Company to the extent that funds produced by the Securitized Property and other assets transferred to the Issuer LLC by the Company and by each of the Members in connection with the issuance of the Bonds, are insufficient to allow full and/or timely payment of principal and interest thereon in accordance with the terms thereof;

(iii) to execute and deliver, if so required in connection with the issuance of the Bonds by the Issuer LLC, and perform its obligations, if any, under, the Indenture, the Property Sales Agreements, the Master Servicing Agreement, the Member Servicing Agreements and any bond offering documents, trust, agency and escrow agreements, purchase and sale agreements, deposit account agreements, servicing agreements, custodial agreements, swap agreements, hedge agreements, credit enhancement agreements, participation agreements or similar agreements, and any amendments to any of the foregoing or any documents similar to the foregoing and all documents, agreements, certificates, instruments or financing statements contemplated thereby or related thereto (collectively, the “Transaction Documents”), all without any further act, vote or approval of any other Person notwithstanding any other provision of this Agreement, or, to the fullest extent permitted by law, the Act or applicable law, rule or regulation;

(iv) to incur additional indebtedness or other liabilities payable to service providers and trade creditors in the ordinary course of business, as permitted by the Transaction Documents, in connection with the foregoing activities;

(v) to acquire, own, hold, sell, transfer, assign, pledge, finance, refinance, and otherwise deal in or with any assets transferred to the Company by the Members in connection with the issuance of the Bonds by the Issuer LLC; and

(vi) subject to the limitations set forth in Section 20 of this Agreement, to engage in any activity and to exercise any power that is incidental to or that renders convenient the accomplishment of any or all of the foregoing and that is permitted to limited liability companies under the laws of the State of Delaware and that is not required to be set forth specifically in this Agreement.

(b) The Company, by or through the Manager or any Officer on behalf of the Company, may execute and deliver, and perform its obligations under the Transaction Documents and all documents, agreements, certificates or financing statements contemplated thereby or related thereto, all without any further act, vote or approval of any other Person notwithstanding any other provision of this Agreement or, to the fullest extent permitted by law, the Act or applicable law, rule or regulation. The foregoing authorization shall not be deemed a restriction on the powers of the Manager or any Officer to enter into other agreements on behalf of the Company pursuant to and in accordance with the Indenture and the other Transaction Documents.

**Section 4.** Registered Agent and Office; Principal Place of Business. The Company's registered agent in Delaware shall be The Corporation Trust Company, and the registered office of the Company is Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801.

**Section 5.** Admission of Members.

(a) General. Simultaneously with the execution and delivery of this Agreement and the filing of the Certificate of Formation with the office of the Secretary of State of the State of Delaware, each of the Members is admitted as a member of the Company.

(b) Written Consent. Subject to Sections 10 and 20, the Company may act by unanimous written consent of the Members.

**Section 6.** Interest. The Company shall be authorized to issue a single class of limited liability company interests (as defined in the Act) (the "Interests"). The Company hereby issues 100% of the Interests to the Members, in such percentage allocations as set forth on Schedule A attached to this Agreement (which Schedule A may be amended from time to time by the Manager in connection with any transfer of an Interest permitted hereunder and under the Transaction Documents), including any and all benefits to which each Member who is a holder of such an Interest may be entitled in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement.

**Section 7.** Term. The term of the Company commenced upon the filing of the Certificate of Formation with the office of the Secretary of State of the State of Delaware, and the Company shall have perpetual existence unless the Company shall be dissolved in accordance with the Act. The existence of the Company as a separate legal entity shall continue until cancellation of the Certificate of Formation as provided in the Act.

**Section 8.** Capital Contributions. On or prior to Closing Date, each Member shall cause to be made a capital contribution in cash to the Company in an amount equal to the amount calculated in accordance with the "Capital Contribution" column set forth opposite such Member's name on Schedule A attached to this Agreement, which amount shall be contributed by the

Company to the Issuer LLC and deposited by or on behalf of the Issuer LLC into the account established for such purpose by the Indenture Trustee as provided under the Indenture. All capital contributions shall be made in accordance with all applicable limited liability company procedures and requirements, including proper record keeping by the Manager and the Company. Each of the Members may, but shall not be obligated hereunder to, make additional capital contributions in the form of cash or other property to the Company as it shall decide from time to time. All capital contributions made by a Member to the Company shall be evidenced in the books and records of the Company maintained by the Manager.

**Section 9. Management.**

(a) Management. The management of the Company shall be vested in the Manager. The Manager shall perform its duties as such in good faith, in a manner it reasonably believes to be in the best interests of the Company, and with such care as an ordinary prudent person in a like position would use under similar circumstances. Except as required by the Act, the Manager shall not be liable under a judgment, decree or order of court, or in any other manner, for a debt, obligation or liability of the Company. The Manager shall provide advice in connection with management and disposal of the assets of the Company to the extent permitted by and contemplated under the Transaction Documents.

(b) Authority of the Manager. Except as otherwise provided in this Agreement, all powers to control and manage the business and affairs of the Company shall be vested exclusively in the Manager and the Manager may exercise all powers of the Company and do all such lawful acts as permitted by the Act. In so doing the Manager shall have the right and authority to take all actions that it deems necessary, useful or appropriate for the management and conduct of the business of the Company; provided, however, that, except as otherwise expressly provided in this Agreement, the Manager may not amend this Agreement without the prior written unanimous consent of the Members.

(c) Officers. The initial officers of the Company shall be appointed by the Manager and shall have all the powers and duties permitted under this Agreement and under the Act, including such other powers and duties as may from time to time be assigned by the Manager. The Manager hereby authorizes the officers of the Company to execute and deliver, and perform the Company's obligations under, any agreements on behalf of the Company to the extent permitted and contemplated by the Transaction Documents, and hereby ratifies and approves any and all actions of, and agreements executed and delivered by, the officers prior to the date hereof. The Manager shall have the right and power to remove and replace any of the initial officers with or without cause and, in general, shall be vested with full power, control and discretion over the appointment of officers subsequent to the date hereof.

The initial officers of the Company shall be:

Chief Executive Officer – [\_\_\_\_\_]

Treasurer – [\_\_\_\_\_]

Secretary – [\_\_\_\_\_]

The Manager, each of the officers of the Company and [\_\_\_\_\_] shall each be an “authorized person” within the meaning of the Act for purposes of executing the Company’s Certificate of Formation.

(d) Indemnification of the Members, the Manager and the Officers. Unless otherwise provided in this Section 9, the Company shall indemnify, save harmless, and pay all judgments and claims against each Member, the Manager and any officer of the Company or of any Member relating to any liability or damage incurred by reason of any act performed or omitted to be performed by a Member, the Manager or any officer of the Company or of any Member in connection with the business of the Company, including reasonable attorneys’ fees incurred by any officer in connection with the defense of any action based on any such act or omission, which attorneys’ fees may be paid as incurred. Unless otherwise provided in this Section 9, in the event of any action by the Company against any officer of the Company or of any Member, the Company shall indemnify, save harmless, and pay all expenses of such officer, including reasonable attorneys’ fees incurred in the defense of such action. Notwithstanding the provisions of this Section 9, this Section 9(d) shall be enforced only to the maximum extent permitted by law and neither any officer nor the Manager shall be indemnified from any liability for fraud, intentional misconduct, gross negligence or a knowing violation of the law which was material to the cause of action.

(e) Scope of this Section. The terms and provisions of this Section 9 are subject to the terms and provisions of Section 20. In the event of any conflict between the terms or provisions of this Section 9 and the terms or provisions of Section 20, the terms and provisions of Section 20 shall control.

**Section 10. Rights and Powers of the Company.**

(a) Rights and Powers. Notwithstanding any other provision of this Agreement, but subject to the provisions of Section 20, no action may be taken by the Company or by the Manager in connection with any of the following matters without the prior unanimous written consent of the Members:

- (i) the dissolution or liquidation, in whole or in part, of the Company, or the institution of proceedings to have the Company adjudicated bankrupt or insolvent;
- (ii) the filing by the Company of a petition seeking or consenting to reorganization or relief under any applicable federal or state bankruptcy law;
- (iii) consenting to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or a substantial part of its property;



(iv) the merger of the Company with any other entity or the division of the Company into two or more entities; or

(v) the sale of all or substantially all of the Company's assets.

(b) Registered Holders. The Company and the Manager shall be entitled to recognize the exclusive right of a Person registered on its books as the owner of an Interest to receive distributions and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such Interest on the part of any other Person, regardless of whether it shall have received actual or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

**Section 11.** Distributions. The Manager may cause the Company to distribute to the Members at any time any cash and/or other property held by the Company that is not reasonably necessary for the operation of the Company so long as such distribution is not in violation of Section 18-607 of the Act and Section 14 of this Agreement, and is permitted by and contemplated under the Transaction Documents.

**Section 12.** Additional Members. No additional Persons may be admitted as a member of the Company, except upon an assignment of an Interest upon the terms and conditions determined by the Manager.

**Section 13.** Dissolution. Subject to the provisions of Section 10 and Section 20, the Company shall dissolve, and its affairs shall be wound up, upon the earliest to occur of (a) the written unanimous consent of the Members or (b) an event of dissolution of the Company under the Act; provided, however, that in no event may the Company be dissolved until all obligations of the Company, including without limitation any obligations of the Company under the Transaction Documents, shall have been paid in full.

**Section 14.** Distributions upon Dissolution. Upon the occurrence of an event set forth in Section 13, the Members shall be entitled to receive, after paying or making reasonable provisions for all of the Company's creditors to the extent required by Section 18-804 of the Act, the remaining property or funds of the Company, if any.

**Section 15.** Tax Status.

(a) Tax Status of the Company. The Members intend that the Company shall be treated as a partnership for U.S. federal income tax purposes. Neither the Members nor the Company will file an election for the Company to be treated as an association taxable as a corporation for U.S. federal income tax purposes.

(i) The Members shall (A) maintain (or cause to be maintained) the books of the Company on a calendar year basis on the accrual method of accounting, (B) deliver, or cause to be delivered, to each Member, as may be required by the Code and applicable Treasury Regulations, such information as may be required (including, if applicable, Schedule K-1) to enable each Member to prepare its federal and state income tax returns, and (C) prepare, or cause to be prepared, and filed, all required U.S. federal, state and local tax returns relating to

the Company (including, if applicable, a partnership information return on IRS Form 1065). The Members shall make such elections as from time to time may be required or appropriate under any applicable state or federal statute or any rule or regulation thereunder so as to, among other things, maintain the Company's characterization as a partnership to the extent that there are two or more beneficial owners of the Interests for U.S. federal income tax purposes. The Company shall adopt the calendar year as its taxable year, unless otherwise required to adopt a different taxable year pursuant to Section 706(b) of the Code and the Treasury Regulations issued thereunder.

(ii) If there are two or more beneficial owners of Interests for U.S. federal income tax purposes at any time during a taxable year, the Members shall designate the Manager to be the "partnership representative" of the Company pursuant to Section 6223 of the Code and the Treasury Regulations thereunder. The Manager is hereby designated as the initial "partnership representative" as of the date of this Agreement. Any designated "partnership representative" shall take such action as may be necessary to cause the Company to make any election under Section 6221(b) or 6226 of the Code, as available. Any designated "partnership representative" shall inform each other Member of all significant matters that may come to its attention in its capacity as "partnership representative" by giving notice thereof on or before the tenth Business Day after becoming aware thereof and, within that time, shall forward to each other Member copies of all significant written communications it may receive in that capacity. Any designated "partnership representative" may not take any action that is inconsistent with the express provisions of this Agreement affecting the income tax aspects of the Company, but this sentence does not authorize such designated "partnership representative" (or the Company or any other Member) to take any action left to the determination of an individual Member under Sections 6221 through 6226 of the Code.

(iii) If there are two or more beneficial owners of Interests for U.S. federal income tax purposes at any time during a taxable year, the "partnership representative" shall sign all necessary federal and state income tax returns for the Company. Each Member shall furnish to the Company and the "partnership representative" all pertinent information in its possession relating to Company operations that is necessary to enable the Company's income tax returns to be prepared and filed. The "partnership representative" shall maintain a capital account for each Member and such capital account shall be determined and maintained in accordance with Treasury Regulation section 1.704-1(b)(2)(iv). The capital account of each Member shall be credited with (A) cash or the fair market value of property contributed by such Member to the Company, and (B) income and gains allocated to such Member, and debited with (x) losses and expenses allocated to such Member and (y) cash or the fair market value of property distributed to such Member. On liquidation, cash and any other assets will be distributed to the Member in accordance with its capital account. Except as otherwise required by Section 704 of the Code and the Treasury Regulations thereunder, profits and losses of the Company for each taxable year shall be

allocated among the Members in such a manner that, as of the end of the related taxable year, the capital account balance of each Member is equal to the respective net amount that would be distributed to such Member under this Agreement, determined as if the Company were to sell the assets of the Company for an amount of cash equal to the fair market value, pay the liabilities of the Company, and distribute proceeds pursuant to Section 15 of this Agreement. Items of Company income, gain, loss, deduction or credit recognized for federal income tax purposes shall be allocated among the Members for federal income tax purposes on the same basis as their respective book items but in a manner that is consistent with the requirements of the Code and the Treasury Regulations.

(iv) If there are two or more beneficial owners of Interests for U.S. federal income tax purposes, at any time during the taxable year, the Company, and the “partnership representative” on behalf of the Company, shall make the following elections on the appropriate tax returns:

(A) if a distribution of Company property as described in Section 734 of the Code occurs or if (subject to the terms and conditions of this Agreement) a transfer of a Member’s Interest as described in Section 743 of the Code occurs, on written request of any Member, to elect, pursuant to Section 754 of the Code, to adjust the basis of Company properties;

(B) to elect to amortize the organizational expenses of the Company under Section 709(b) of the Code and the startup expenditures of the Company under Section 195 of the Code ratably over a period of 180 months; and

(C) any other election the Company, and the “partnership representative” on behalf of the Company, may deem appropriate and in the best interest of the Members.

(v) Neither the Company nor any Member may make an election for the Company to be excluded from the application of the provisions of subchapter K of chapter 1 of subtitle A of the Code or any similar provisions of applicable state law, and no provision of this Agreement shall be construed to sanction or approve such an election.

(vi) In the event of any transfer of an Interest, the transferee shall succeed to the capital account of the transferor with respect to the interest transferred. Upon the occurrence of a revaluation event described in Treasury Regulations section 1.704-1(b)(2)(iv)(f), and at the discretion of the Manager, the capital accounts of the members shall be increased or decreased to reflect a revaluation of property of the Company (including intangible assets such as goodwill) on the Company’s books.

(b) Tax Status of the Securitization Bond Transactions. It is the intention of the parties hereto that this Agreement be interpreted in a manner that is consistent with

Revenue Procedure 2005-62, 2005-2 CB 507. Anything to the contrary in this Agreement notwithstanding, for federal income tax reporting purposes, the Members agree (i) to treat the Securitized Bonds as the debt of the Members rather than as the debt (or any other type of obligation) of either the Issuer LLC or Company, (ii) to treat neither the creation of the Securitized Property pursuant to the Financing Order; nor the purchase and sale of the Securitized Property pursuant to the Property Sale Agreements; nor the sale of the Securitized Bonds pursuant to the Securitized Bond Purchase Agreement; nor the receipt of the Securitized Bond sale proceeds, as resulting in gross income to either the Members, the Issuer LLC or the Company and (iii) to treat the securitized charges collected by each Member in the same manner as any other charge for service collected by such Member.

**Section 16.** Limited Liability. None of the Members shall have any liability for the obligations of the Company except to the extent required by the Act.

**Section 17.** Amendment. Subject to the provisions of Sections 9, 10 and 20, this Agreement may be amended only in a writing signed by each of the Members and the Manager.

**Section 18.** Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED UNDER THE SUBSTANTIVE LAWS OF THE STATE OF DELAWARE WITHOUT GIVING EFFECT TO CONFLICTS OF LAW PRINCIPLES OF SUCH STATE.

**Section 19.** Severability. Every term and provision of this Agreement (other than the terms and provisions of Section 20) is intended to be severable, and if any such term or provision of this Agreement is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the legality or validity of the remainder of this Agreement. The preceding sentence shall be of no force or effect if the consequence of enforcing the remainder of this Agreement without such illegal or invalid term or provision would be to cause any party to lose the benefit of its economic bargain.

**Section 20.** Special Purpose Entity Provisions.

(a) Notwithstanding any other provision of this Agreement to the contrary, the Company shall not do any of the following:

(i) engage in any business or activity other than as set forth in Section 3 hereof;

(ii) except as contemplated by the Transaction Documents, enter into transactions with Affiliates unless such transactions are on an arm's-length basis, on commercially reasonable terms and on terms no less favorable than would be obtained in a comparable arm's-length transaction with an unrelated third party.

(iii) to the fullest extent permitted by law, dissolve or liquidate, in whole or in part;

(iv) divide, consolidate or merge with or into any other entity or sell, lease, assign, convey or otherwise transfer all or substantially all of its properties and assets to any Person; or

(v) take any action that knowingly shall cause the Company to become insolvent.

(b) Notwithstanding any other provision of this Agreement to the contrary, the Company shall:

(i) maintain books, records, resolutions and agreements as official records and separate from each other Person;

(ii) maintain its bank accounts separate from each other Person;

(iii) not commingle its assets with those of any other Person and hold all of its assets in its own name except as contemplated by the Transaction Documents;

(iv) conduct its own business in its own name;

(v) maintain separate financial statements, showing its assets and liabilities separate and apart from those of each other Person and not have its assets listed on the financial statements of another Person, except as required by U.S. generally accepted accounting principles consistently applied ("GAAP");

(vi) pay its own liabilities and expenses only out of its own funds;

(vii) observe all limited liability company and other organizational formalities and comply in all material respects with the terms of this Agreement;

(viii) not guarantee or become obligated for the debts of any other Person except as contemplated by the Transaction Documents;

(ix) not hold out its credit as being available to satisfy the obligations of any other Person;

(x) not incur any indebtedness except as contemplated by the Transaction Documents;

(xi) allocate fairly and reasonably any overhead expenses that are shared with an Affiliate (including, without limitation, telephone and other utility charges, the services of shared employees, consultants and agents, and reasonable legal and auditing expenses), and other items of cost and expense shared between the Company and any of its Affiliates, on the basis of actual use to the extent practicable, and to the extent such allocation is not practicable, on a basis reasonably related to actual use or the value of services rendered;

(xii) use separate stationery, invoices, and checks bearing its own name (or under any name licensed pursuant to any trademark license or similar agreement);

(xiii) not pledge its assets for the benefit of any other Person or make any loans or advances to any entity except as contemplated by the Transaction Documents;

(xiv) hold itself out as a separate entity;

(xv) correct any known or suspected misunderstanding regarding its separate identity;

(xvi) not identify itself or hold itself out as a division of any other Person;

(xvii) maintain adequate capital in light of its current and contemplated business operations;

(xviii) file separate tax returns from those of each other Person but only if required by law;

(xix) maintain its assets in such a manner that it will not be costly or difficult to segregate, ascertain or identify its individual assets from those of any other Person;

(xx) compensate all employees, consultants and agents from the Company's own funds for services provided to the Company by such employees, consultants and agents, and, to the extent any employee, consultant or agent of the Company is also an employee, consultant or agent of an Affiliate of the Company, allocate the compensation of such employee, consultant or agent between the Company and such Affiliate on a basis which reflects the respective services rendered to the Company and such Affiliate;

(xxi) treat the transfer of the Securitized Property from each of the Members to the Issuer LLC as a true sale under SB 1580; and

(xxii) solely for purposes of federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for purposes of state, local and other taxes, so long as any of the Bonds are outstanding, treat the Bonds as indebtedness of each of the Members in proportion to and as secured by the Securitized Property transferred to the Issuer LLC unless otherwise required by appropriate taxing authorities.

(c) Bankruptcy Actions. Notwithstanding any other provision of this Agreement to the contrary, the Company shall not take any Bankruptcy Action without the affirmative unanimous vote of the Members.

(d) Amendment. Notwithstanding any other provision of this Agreement to the contrary, the Company shall not amend or modify the Certificate of Formation or this Agreement without the affirmative unanimous vote of the Members and the affirmative vote of the Manager; provided that the Manager may amend Schedule A attached hereto

from time to time to reflect the Percentage Interests and Capital Contributions made by the Members.

**Section 21.** Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original of this Agreement and all of which together shall constitute one and the same instrument.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the undersigned have caused this Limited Liability Company Agreement of the Company to be executed as of the date and year above first written.

**MEMBERS:**

**BARTLETT ELECTRIC COOPERATIVE,  
INC.,**

a Texas electric cooperative corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FORT BELKNAP ELECTRIC  
COOPERATIVE, INC.,**

a Texas electric cooperative corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**HAMILTON COUNTY ELECTRIC  
COOPERATIVE, INC.,**

a Texas electric cooperative corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**HEART OF TEXAS ELECTRIC  
COOPERATIVE, INC.,**

a Texas electric cooperative corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**HILCO ELECTRIC COOPERATIVE, INC.,**  
a Texas electric cooperative corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**MID-SOUTH ELECTRIC COOPERATIVE  
ASSOCIATION,**  
a Texas electric cooperative corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**NAVARRO COUNTY ELECTRIC  
COOPERATIVE, INC.,**  
a Texas electric cooperative corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**NAVASOTA VALLEY ELECTRIC  
COOPERATIVE, INC.,**  
a Texas electric cooperative corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**COOKE COUNTY ELECTRIC  
COOPERATIVE ASSOCIATION DBA  
PENTEX ENERGY**  
a Texas electric cooperative corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**WISE ELECTRIC COOPERATIVE, INC.,**  
a Texas electric cooperative corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**MANAGER:**

**BRAZOS ELECTRIC POWER  
COOPERATIVE, INC.,**  
a Texas electric cooperative corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SCHEDULE A**

<b><u>Member</u></b>	<b><u>Percentage Interest<sup>1</sup></u></b>	<b><u>Capital Contribution</u></b>
Bartlett Electric Cooperative, Inc.	[ ]%	0.5% of initial principal amount of the Bonds multiplied by Percentage Interest of Member
Fort Belknap Electric Cooperative, Inc.	[ ]%	0.5% of initial principal amount of the Bonds multiplied by Percentage Interest of Member
Hamilton County Electric Cooperative, Inc.	[ ]%	0.5% of initial principal amount of the Bonds multiplied by Percentage Interest of Member
Heart Of Texas Electric Cooperative, Inc.	[ ]%	0.5% of initial principal amount of the Bonds multiplied by Percentage Interest of Member
Hilco Electric Cooperative, Inc.	[ ]%	0.5% of initial principal amount of the Bonds multiplied by Percentage Interest of Member
Mid-South Electric Cooperative Association	[ ]%	0.5% of initial principal amount of the Bonds multiplied by Percentage Interest of Member
Navarro County Electric Cooperative, Inc.	[ ]%	0.5% of initial principal amount of the Bonds multiplied by Percentage Interest of Member
Navasota Valley Electric Cooperative, Inc.	[ ]%	0.5% of initial principal amount of the Bonds

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<sup>1</sup> NOTE: to be the same as the Allocation Factor.

		multiplied by Percentage Interest of Member
Cooke County Electric Cooperative Association	[ ]%	0.5% of initial principal amount of the Bonds multiplied by Percentage Interest of Member
Wise Electric Cooperative, Inc.	[ ]%	0.5% of initial principal amount of the Bonds multiplied by Percentage Interest of Member
<u>Total:</u>	100%	0.5% of the initial principal balance of the Bonds

## EXHIBIT D

### ESTIMATE OF UPFRONT FINANCING COSTS<sup>1</sup>

#### **Exhibit D: Estimate of Upfront Financing Costs**

Rating Agency - Moody's	\$	660,000
Issuer Counsel (NRF, Eversheds)		2,516,216
Consultants (C&A, BRG, Guernsey)		1,838,302
Phase 1 Structuring Fee (JP Morgan)		654,167
Underwriting and Placement Fees*		6,964,082
Investor Marketing (Roadshow: Slides + Audio)		7,000
Printing/Online OM Posting		10,000
Trustee Fee (Upfront)		5,000
Dataroom Fee (17g-5)		4,000
Trustee Counsel		30,000
Delaware Counsel		15,000
Contingency		100,000
<b>Total Upfront Financing Cost</b>	<b>\$</b>	<b>12,803,767</b>

*\*Underwriting and Placement Fees include underwriter/placement agent's counsel fees as well as other out-of-pocket expenses.*

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<sup>1</sup> Excludes any additional amounts that may be required for additional credit enhancement for the Bonds.

## EXHIBIT E

### ESTIMATE OF ONGOING FINANCING COSTS

<b>Exhibit E: Estimate of Ongoing Financing Costs</b>		
Master Servicing Fee	\$	354,500
Member Servicing Fee		354,500
Trustee		15,000
Dataroom (17g-5)		7,500
Legal		10,000
Auditor Fee		35,000
Moody's		46,000
Independent Manager		10,000
Miscellaneous		10,000
<b>Total Ongoing Financing Costs</b>	<b>\$</b>	<b>842,500</b>

**EXHIBIT F (1-10)**  
**FORMS OF TARIFFS**



**EXHIBIT F-1**

**FORM OF TARIFF FOR BARTLETT ELECTRIC COOPERATIVE, INC.**

**BARTLETT ELECTRIC COOPERATIVE, INC.**

**STANDARD PRICING SCHEDULE: Securitized  
Charge for Cost Recovery Bonds**

**Date Issued [\_\_\_\_\_] ]  
Effective Date [\_\_\_\_\_] ]**

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**APPLICABILITY:** This Securitized Cost Recovery Factor (SCRF) rider is applicable in all service areas of Bartlett Electric Cooperative, Inc. (the “Cooperative”) and to all Customers of the Cooperative other than Excluded Customers and shall be a rate schedule and part of the Bartlett Electric Cooperative, Inc. Electric Tariffs (the “Cooperative’s Tariff”) and shall apply pursuant the Cooperative’s Tariff. This rider is irrevocable and nonbypassable.

**PURPOSE:** To recover from Customers served the amounts necessary to service, repay, and administer the bonds (the “Securitized Bonds”) associated with paying the wholesale power costs and other costs arising out of Winter Storm Uri as more fully described in and issued pursuant to the terms and conditions the financing order of the Cooperative, approved by the board of directors of the Cooperative on [\_\_\_\_\_] , 2022 (the “Financing Order”). The terms and conditions of this rider shall comply in all respects with, and be subject to, the terms and conditions of the Financing Order, and if there is a conflict between the terms and conditions of this rider and those of the Financing Order, the terms and conditions of the Financing Order shall control. Capitalized terms used herein and not defined herein are defined in the Financing Order.

**TERM:** The charges associated with repaying the Securitized Bonds (“Securitized Charges”) imposed by this rider shall become effective the first billing cycle following the issuance of the Securitized Bonds and shall remain in effect until the complete repayment and retirement of the Securitized Bonds and payment in full of the Ongoing Financing Costs.

**ALLOCATION:** Costs associated with repaying the Securitized Bonds shall be collected under the Securitized Charges described below; provided, however, the Securitized Charges shall not be billed to any Excluded Customer as provided in the Financing Order.

**SECURITIZED CHARGES:** The Securitized Charges shall be calculated by the Master Servicer and provided to the Cooperative pursuant to the terms and conditions of the Master Servicing Agreement and the Financing Order. The Securitized Charges include:

**A. Securitized Cost Recovery Factor (SCRF) – Energy Rate**

This rate shall apply to all Customers except Excluded Customers and Contract Rate Customers.

The charges shall be computed as follows:

$$\text{SCRF Energy} = \frac{(A - B)}{\text{kWhs}}$$

Where:

**BARTLETT ELECTRIC COOPERATIVE, INC.**

**STANDARD PRICING SCHEDULE: Securitized  
Charge for Cost Recovery Bonds**

Date Issued [\_\_\_\_\_] ]  
Effective Date [\_\_\_\_\_] ]

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SCRF - Energy = Securitized Cost Recovery Factor (expressed in \$ per kWh) to be applied to energy sales (excluding energy sales for Contract Rate Customers and Excluded Customers) for the Calculation Period (as defined in the Cooperative's Servicing Agreement).

A = Net Periodic Billing Requirement.

B = Total projected Securitized Charge collections from Contract Rate Customers in the Calculation Period.

KWhs = Total estimated energy sales (excluding energy sales for Contract Rate Customers and Excluded Customers) for the Calculation Period.

**B. Securitized Cost Recovery Factor (SCRF) – Contract Rate**

The Contract Rate shall be applicable to certain Customers who have energy supply options to serve their electrical requirements, and shall be made available pursuant to the same procedures established by the Cooperative under Public Utility Regulatory Act § 41.061(e). This Rate is only applicable to Customers connected after the Winter Storm Uri event and meeting the following criteria:

Load Size:	Greater than 5 MW
Annual Average Load Factor	Greater than 70%

**Securitized Contract Monthly Rate:**

\$0.00050 per kWh in the billing period.

The Contract Rate will be the lesser of the SCRF Energy Rate in effect on the Cut-Off Date for the applicable Calculation Period or the Monthly Rate.

**BILLING:**

For Customers who take service from the Cooperative (or its successors) under Cooperative's net metering service or avoided cost distributed generation service, the factors of this rider shall apply to the gross kWh delivered by the Cooperative to serve the Customer's load.

**TRUE UP:** The Securitized Charges imposed by this rider shall be set and adjusted from time to time as set forth in any True-Up Letter delivered to the Cooperative by the Master Servicer for the Securitized Bonds, delivered under the terms of and in accordance with the Financing Order and the Master Servicing

**BARTLETT ELECTRIC COOPERATIVE, INC.**

**STANDARD PRICING SCHEDULE: Securitized  
Charge for Cost Recovery Bonds**

**Date Issued [\_\_\_\_\_] ]  
Effective Date [\_\_\_\_\_] ]**

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Agreement, by and between Brazos Securitization LLC and Brazos Electric Power Cooperative, Inc. The Securitized Charges set forth in any such True-Up Letter is hereby incorporated by reference. The calculation of any such True-Up is not subject to notice, review, appeal or protest, except for the review for mathematical accuracy as permitted by the Financing Order.

**NON-BYPASSABILITY:** The Cooperative, as Member Servicer, and any successor servicer, must collect the Securitized Charges from all of its Customers connected to the Cooperative's system assets and taking service, other than Excluded Customers, regardless of whether such assets continue to be owned by the Cooperative or whether such Customers switch to another retail electric service provider or new on-site generation.

Any Customer (excluding Excluded Customers) that disconnects from the Cooperative's system and connects to another electric service provider must either pay a termination fee or continue to pay the Securitized Charges, which will be collected by the Cooperative, its servicer, any entity providing electric transmission or distribution services, or any retail electric provider providing services to the disconnecting customer, provided, however, that such collection will be performed in a manner as determined by the Cooperative that will not adversely affect the ratings on the Securitized Bonds. In the event a Customer adds on-site generation, the Cooperative shall collect the Securitized Charges from the Customer based on the terms as defined in "Billing".

The termination fee shall equal:

Average annual amount of Securitized Charges billed to the Customer over the previous twelve months (or an approximate annualized amount) times the remaining years that the Securitized Bonds are scheduled to be outstanding; provided, however, if the Customer connects to another electric service provider prior to the issuance of the Securitized Bonds, the termination fee shall equal the product of (i) such Customer's previous twelve months of energy usage, multiplied by (ii) the SCRF Energy Rate applicable in the first month after the Securitized Bonds are issued, multiplied (iii) by the remaining number of years the Securitized Bonds are scheduled to be outstanding.

**EXCLUDED CUSTOMERS:** Customers that are not subject to the Securitized Charges because they were served under the Cooperative's large power flow-through tariff that directly assigns power cost and satisfied their cost responsibility prior to the effectiveness of the Financing Order, as identified in the Financing Order.

**EXHIBIT F-2**

**FORM OF TARIFF FOR FORT BELKNAP ELECTRIC COOPERATIVE, INC**

**FORT BELKNAP ELECTRIC COOPERATIVE**

**STANDARD PRICING SCHEDULE: Securitized  
Charge for Cost Recovery Bonds**

**Date Issued [\_\_\_\_\_] ]  
Effective Date [\_\_\_\_\_] ]**

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**APPLICABILITY:** This Securitized Cost Recovery Factor (SCRF) rider is applicable in all service areas of Fort Belknap Electric Cooperative, Inc. (the “Cooperative”) and to all Customers of the Cooperative other than Excluded Customers and shall be a rate schedule and part of the Fort Belknap Electric Cooperative, Inc. Tariff for Electric Service (the “Cooperative’s Tariff”) and shall apply pursuant the Cooperative’s Tariff. This rider is irrevocable and nonbypassable.

**PURPOSE:** To recover from Customers served the amounts necessary to service, repay, and administer the bonds (the “Securitized Bonds”) associated with paying the wholesale power costs and other costs arising out of Winter Storm Uri as more fully described in and issued pursuant to the terms and conditions the financing order of the Cooperative, approved by the board of directors of the Cooperative on [\_\_\_\_\_] , 2022 (the “Financing Order”). The terms and conditions of this rider shall comply in all respects with, and be subject to, the terms and conditions of the Financing Order, and if there is a conflict between the terms and conditions of this rider and those of the Financing Order, the terms and conditions of the Financing Order shall control. Capitalized terms used herein and not defined herein are defined in the Financing Order.

**TERM:** The charges associated with repaying the Securitized Bonds (“Securitized Charges”) imposed by this rider shall become effective the first billing cycle following the issuance of the Securitized Bonds and shall remain in effect until the complete repayment and retirement of the Securitized Bonds and payment in full of the Ongoing Financing Costs.

**ALLOCATION:** Costs associated with repaying the Securitized Bonds shall be collected under the Securitized Charges described below; provided, however, the Securitized Charges shall not be billed to any Excluded Customer as provided in the Financing Order.

**SECURITIZED CHARGES:** The Securitized Charges shall be calculated by the Master Servicer and provided to the Cooperative pursuant to the terms and conditions of the Master Servicing Agreement and the Financing Order. The Securitized Charges include:

**A. Securitized Cost Recovery Factor (SCRF) – Energy Rate**

This rate shall apply to all Customers except Excluded Customers, Direct Charge Customers, and Contract Rate Customers.

The charges shall be computed as follows:

$$\text{SCRF Energy} = \frac{(A - B)}{\text{kWhs}}$$

**FORT BELKNAP ELECTRIC COOPERATIVE**

**STANDARD PRICING SCHEDULE: Securitized  
Charge for Cost Recovery Bonds**

**Date Issued [\_\_\_\_\_] ]  
Effective Date [\_\_\_\_\_] ]**

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Where:

SCRF - Energy = Securitized Cost Recovery Factor (expressed in \$ per kWh) to be applied to energy sales (excluding energy sales for Direct Charge, Contract Rate and Excluded Customers) for the Calculation Period (as defined in the Cooperative's Servicing Agreement).

A = Net Periodic Billing Requirement.

B = Total projected Securitized Charge collections from SCRF Direct Charge Customers and Contract Rate Customers in the Calculation Period.

KWhs = Total estimated energy sales (excluding energy sales for Direct Charge, Contract Rate and Excluded Customers) for the Calculation Period.

**B. Securitized Cost Recovery Factor (SCRF) – Direct Charge**

SCRF – Direct Charge: Securitized Cost Recovery Factor (expressed in \$ per month) determined for each SCRF Direct Charge Customer of the Cooperative as set forth in the Financing Order.

**C. Securitized Cost Recovery Factor (SCRF) – Contract Rate**

The Contract Rate shall be applicable to certain Customers who have energy supply options to serve their electrical requirements, and shall be made available pursuant to the same procedures established by the Cooperative under Public Utility Regulatory Act § 41.061(e). This Rate is only applicable to Customers connected after the Winter Storm Uri event and meeting the following criteria:

Load Size	Greater than 3MW
Annual Average Load Factor	Greater than 70%

**Securitized Contract Monthly Rate:**  
\$0.005 per kWh in the billing period.

The Contract Rate will be the lesser of the SCRF Energy Rate in effect on the Cut-Off Date for the applicable Calculation Period or the Monthly Rate.

**FORT BELKNAP ELECTRIC COOPERATIVE**

**STANDARD PRICING SCHEDULE: Securitized  
Charge for Cost Recovery Bonds**

**Date Issued [\_\_\_\_\_] ]  
Effective Date [\_\_\_\_\_] ]**

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**BILLING:**

For Customers who take service from the Cooperative (or its successors) under Cooperative's net metering service or avoided cost distributed generation service, the factors of this rider shall apply to the gross kWh delivered by the Cooperative to serve the Customer's load.

**TRUE UP:** The Securitized Charges imposed by this rider shall be set and adjusted from time to time as set forth in any True-Up Letter delivered to the Cooperative by the Master Servicer for the Securitized Bonds, delivered under the terms of and in accordance with the Financing Order and the Master Servicing Agreement, by and between Brazos Securitization LLC and Brazos Electric Power Cooperative, Inc. The Securitized Charges set forth in any such True-Up Letter is hereby incorporated by reference. The calculation of any such True-Up is not subject to notice, review, appeal or protest, except for the review for mathematical accuracy as permitted by the Financing Order.

**NON-BYPASSABILITY:** The Cooperative, as Member Servicer, and any successor servicer, must collect the Securitized Charges from all of its Customers connected to the Cooperative's system assets and taking service, other than Excluded Customers, regardless of whether such assets continue to be owned by the Cooperative or whether such Customers switch to another retail electric service provider or new on-site generation.

Any Customer (excluding Excluded Customers) that disconnects from the Cooperative's system and connects to another electric service provider must either pay a termination fee or continue to pay the Securitized Charges, which will be collected by the Cooperative, its servicer, any entity providing electric transmission or distribution services, or any retail electric provider providing services to the disconnecting customer, provided, however, that such collection will be performed in a manner as determined by the Cooperative that will not adversely affect the ratings on the Securitized Bonds. In the event a Customer adds on-site generation, the Cooperative shall collect the Securitized Charges from the Customer based on the terms as defined in "Billing".

The termination fee shall equal:

Average annual amount of Securitized Charges billed to the Customer over the previous twelve months (or an approximate annualized amount) times the remaining years that the Securitized Bonds are scheduled to be outstanding.

**EXCLUDED CUSTOMERS:** Customers not subject to the Securitized Charges because they were served under the Cooperative's large power flow-through tariff that directly assigns power cost and satisfied their cost responsibility prior to the effectiveness of the Financing Order, as identified in the Financing Order.



**EXHIBIT F-3**

**FORM OF TARIFF FOR HAMILTON COUNTY ELECTRIC COOPERATIVE  
ASSOCIATION**

**HAMILTON COUNTY ELECTRIC COOPERATIVE**

**STANDARD PRICING SCHEDULE: Securitized  
Charge for Cost Recovery Bonds**

**Date Issued [\_\_\_\_\_] ]  
Effective Date [\_\_\_\_\_] ]**

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**APPLICABILITY:** This Securitized Cost Recovery Factor (SCRF) rider is applicable in all service areas of Hamilton County Electric Cooperative Association (the “Cooperative”) and to all Customers of the Cooperative other than Excluded Customers and shall be a rate schedule and part of the Hamilton County Electric Cooperative Association Electric Tariffs (the “Cooperative’s Tariff”) and shall apply pursuant the Cooperative’s Tariff. This rider is irrevocable and nonbypassable.

**PURPOSE:** To recover from Customers served the amounts necessary to service, repay, and administer the bonds (the “Securitized Bonds”) associated with paying the wholesale power costs and other costs arising out of Winter Storm Uri as more fully described in and issued pursuant to the terms and conditions the financing order of the Cooperative, approved by the board of directors of the Cooperative on [\_\_\_\_\_] , 2022 (the “Financing Order”). The terms and conditions of this rider shall comply in all respects with, and be subject to, the terms and conditions of the Financing Order, and if there is a conflict between the terms and conditions of this rider and those of the Financing Order, the terms and conditions of the Financing Order shall control. Capitalized terms used herein and not defined herein are defined in the Financing Order.

**TERM:** The charges associated with repaying the Securitized Bonds (“Securitized Charges”) imposed by this rider shall become effective the first billing cycle following the issuance of the Securitized Bonds and shall remain in effect until the complete repayment and retirement of the Securitized Bonds and payment in full of the Ongoing Financing Costs.

**ALLOCATION:** Costs associated with repaying the Securitized Bonds shall be collected under the Securitized Charges described below; provided, however, the Securitized Charges shall not be billed to any Excluded Customer as provided in the Financing Order.

**SECURITIZED CHARGES:** The Securitized Charges shall be calculated by the Master Servicer and provided to the Cooperative pursuant to the terms and conditions of the Master Servicing Agreement and the Financing Order. The Securitized Charges include:

**A. Securitized Cost Recovery Factor (SCRF) – Energy Rate**

This rate shall apply to all Customers except Excluded Customers and Contract Rate Customers.

The charges shall be computed as follows:

$$\text{SCRF Energy} = \frac{(A - B)}{\text{kWhs}}$$

Where:

**HAMILTON COUNTY ELECTRIC COOPERATIVE**

**STANDARD PRICING SCHEDULE: Securitized  
Charge for Cost Recovery Bonds**

Date Issued [\_\_\_\_\_] ]  
Effective Date [\_\_\_\_\_] ]

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SCRF - Energy = Securitized Cost Recovery Factor (expressed in \$ per kWh) to be applied to energy sales (excluding energy sales for Contract Rate Customers and Excluded Customers) for the Calculation Period (as defined in the Cooperative’s Servicing Agreement).

A = Net Periodic Billing Requirement.

B = Total projected Securitized Charge collections from Contract Rate Customers in the Calculation Period.

KWhs = Total estimated energy sales (excluding energy sales for Contract Rate Customers and Excluded Customers) for the Calculation Period.

**B. Securitized Cost Recovery Factor (SCRF) – Contract Rate**

The Contract Rate shall be applicable to certain Customers who have energy supply options to serve their electrical requirements, and shall be made available pursuant to the same procedures established by the Cooperative under Public Utility Regulatory Act § 41.061(e). This Rate is only applicable to Customers connected after the Winter Storm Uri event and meeting the following criteria:

Load Size: Greater than 5 MW  
Annual Average Load Factor Greater than 70%

**Securitized Contract Monthly Rate:**  
\$0.00050 per kWh in the billing period.

The Contract Rate will be the lesser of the SCRF Energy Rate in effect on the Cut-Off Date for the applicable Calculation Period or the Monthly Rate.

**BILLING:**

For Customers who take service from the Cooperative (or its successors) under Cooperative’s net metering service or avoided cost distributed generation service, the factors of this rider shall apply to the gross kWh delivered by the Cooperative to serve the Customer’s load.

**TRUE UP:** The Securitized Charges imposed by this rider shall be set and adjusted from time to time as set forth in any True-Up Letter delivered to the Cooperative by the Master Servicer for the Securitized Bonds, delivered under the terms of and in accordance with the Financing Order and the Master Servicing

## HAMILTON COUNTY ELECTRIC COOPERATIVE

### STANDARD PRICING SCHEDULE: Securitized Charge for Cost Recovery Bonds

Date Issued [\_\_\_\_\_] ]  
Effective Date [\_\_\_\_\_] ]

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Agreement, by and between Brazos Securitization LLC and Brazos Electric Power Cooperative, Inc. The Securitized Charges set forth in any such True-Up Letter is hereby incorporated by reference. The calculation of any such True-Up is not subject to notice, review, appeal or protest, except for the review for mathematical accuracy as permitted by the Financing Order.

**NON-BYPASSABILITY:** The Cooperative, as Member Servicer, and any successor servicer, must collect the Securitized Charges from all of its Customers connected to the Cooperative's system assets and taking service, other than Excluded Customers, regardless of whether such assets continue to be owned by the Cooperative or whether such Customers switch to another retail electric service provider or new on-site generation.

Any Customer (excluding Excluded Customers) that disconnects from the Cooperative's system and connects to another electric service provider must either pay a termination fee or continue to pay the Securitized Charges, which will be collected by the Cooperative, its servicer, any entity providing electric transmission or distribution services, or any retail electric provider providing services to the disconnecting customer, provided, however, that such collection will be performed in a manner as determined by the Cooperative that will not adversely affect the ratings on the Securitized Bonds. In the event a Customer adds on-site generation, the Cooperative shall collect the Securitized Charges from the Customer based on the terms as defined in "Billing".

The termination fee shall equal:

Average annual amount of Securitized Charges billed to the Customer over the previous twelve months (or an approximate annualized amount) times the remaining years that the Securitized Bonds are scheduled to be outstanding.

**EXCLUDED CUSTOMERS:** Customers that are not subject to the Securitized Charges because they were served under the Cooperative's large power flow-through tariff that directly assigns power cost and satisfied their cost responsibility prior to the effectiveness of the Financing Order, as identified in the Financing Order.

**EXHIBIT F-4**

**FORM OF TARIFF FOR HEART OF TEXAS ELECTRIC COOPERATIVE, INC.**

**HEART OF TEXAS ELECTRIC COOPERATIVE, INC.**

**STANDARD PRICING SCHEDULE: Securitized  
Charge for Cost Recovery Bonds**

Effective Date \_\_\_\_\_

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**APPLICABILITY:** This Securitized Cost Recovery Factor (SCRF) rider is applicable in all service areas of the Heart of Texas Electric Cooperative, Inc. (the “Cooperative”) and to all Customers of the Cooperative other than Excluded Customers and shall be a rate schedule and part of the Tariff for Electric Service (the “Cooperative’s Tariff”) and shall apply pursuant the Cooperative’s Tariff. This rider is irrevocable and nonbypassable.

**PURPOSE:** To recover from Customers served the amounts necessary to service, repay, and administer the bonds (the “Securitized Bonds”) associated with paying the wholesale power costs and other costs arising out of Winter Storm Uri as more fully described in and issued pursuant to the terms and conditions the financing order of the Cooperative, approved by the board of directors of the Cooperative on \_\_\_\_\_, 2022 (the “Financing Order”). The terms and conditions of this rider shall comply in all respects with, and be subject to, the terms and conditions of the Financing Order, and if there is a conflict between the terms and conditions of this rider and those of the Financing Order, the terms and conditions of the Financing Order shall control. Capitalized terms used herein and not defined herein are defined in the Financing Order.

**TERM:** The charges associated with repaying the Securitized Bonds (“Securitized Charges”) imposed by this rider shall become effective the first billing cycle following the issuance of the Securitized Bonds and shall remain in effect until the complete repayment and retirement of the Securitized Bonds and payment in full of the Ongoing Financing Costs.

**ALLOCATION:** Costs associated with repaying the Securitized Bonds shall be collected under the Securitized Charges described below; provided, however, the Securitized Charges shall not be billed to any Excluded Customer as provided in the Financing Order.

**SECURITIZED CHARGES:** The Securitized Charges shall be calculated by the Master Servicer and provided to the Cooperative pursuant to the terms and conditions of the Master Servicing Agreement and the Financing Order. The Securitized Charges include:

**A. Securitized Cost Recovery Factor (SCRF) – Energy Rate**

This rate shall apply to all Customers except Excluded Customers and Contract Rate Customers.

The charges shall be computed as follows:

$$\text{SCRF Energy} = \frac{(A - B)}{\text{kWhs}}$$

Where:

**HEART OF TEXAS ELECTRIC COOPERATIVE, INC.**

**STANDARD PRICING SCHEDULE: Securitized  
Charge for Cost Recovery Bonds**

**Effective Date** \_\_\_\_\_

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SCRF - Energy = Securitized Cost Recovery Factor (expressed in \$ per kWh) to be applied to energy sales (excluding energy sales for Contract Rate Customers and Excluded Customers) for the Calculation Period (as defined in the Cooperative's Servicing Agreement).

A = Net Periodic Billing Requirement.

B = Total projected Securitized Charge collections from Contract Rate Customers in the Calculation Period.

KWhs = Total estimated energy sales (excluding energy sales for Contract Rate Customers and Excluded Customers) for the Calculation Period.

**B. Securitized Cost Recovery Factor (SCRF) – Contract Rate**

The Contract Rate shall be applicable to certain Customers who have energy supply options to serve their electrical requirements, and shall be made available pursuant to the same procedures established by the Cooperative under Public Utility Regulatory Act § 41.061(e). This Rate is only applicable to Customers connected after the Winter Storm Uri event and meeting the following criteria:

Load Size	Greater than 5MW
Annual Average Load Factor	Greater than 70%

**Securitized Contract Rate:**

10% of all rate components billed to the customer by the Cooperative other than those charges related to power supply, including but not limited to, generation capacity and energy, transmission and distribution delivery, ancillary services or charges billed by a third party not related to cooperative owned and or maintained assets.

**BILLING:**

For Customers who take service from the Cooperative (or its successors) under Cooperative's net metering service or avoided cost distributed generation service, the factors of this rider shall apply to the gross kWh delivered by the Cooperative to serve the Customer's load.

**HEART OF TEXAS ELECTRIC COOPERATIVE, INC.**

**STANDARD PRICING SCHEDULE: Securitized  
Charge for Cost Recovery Bonds**

**Effective Date** \_\_\_\_\_

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**TRUE UP:** The Securitized Charges imposed by this rider shall be set and adjusted from time to time as set forth in any True-Up Letter delivered to the Cooperative by the Master Servicer for the Securitized Bonds, delivered under the terms of and in accordance with the Financing Order and the Master Servicing Agreement, by and between Brazos Securitization LLC and Brazos Electric Power Cooperative, Inc. The Securitized Charges set forth in any such True-Up Letter is hereby incorporated by reference. The calculation of any such True-Up is not subject to notice, review, appeal or protest, except for the review for mathematical accuracy as permitted by the Financing Order.

**NON-BYPASSABILITY:** The Cooperative, as Member Servicer, and any successor servicer, must collect the Securitized Charges from all of its Customers connected to the Cooperative's system assets and taking service, other than Excluded Customers, regardless of whether such assets continue to be owned by the Cooperative or whether such Customers switch to another retail electric service provider or new on-site generation.

Any Customer (excluding Excluded Customers) that disconnects from the Cooperative's system and connects to another electric service provider must either pay a termination fee or continue to pay the Securitized Charges, which will be collected by the Cooperative, its servicer, any entity providing electric transmission or distribution services, or any retail electric provider providing services to the disconnecting customer, provided, however, that such collection will be performed in a manner as determined by the Cooperative that will not adversely affect the ratings on the Securitized Bonds. In the event a Customer adds on-site generation, the Cooperative shall collect the Securitized Charges from the Customer based on the terms as defined in "Billing".

The termination fee shall equal:

Average annual amount of Securitized Charges billed to the Customer over the previous twelve months (or an approximate annualized amount) times the remaining years that the Securitized Bonds are scheduled to be outstanding.

**EXCLUDED CUSTOMERS:** Customers that are not subject to the Securitized Charges because they were served under the Cooperative's large power flow-through tariff that directly assigns power cost and satisfied their cost responsibility prior to the effectiveness of the Financing Order, as identified in the Financing Order.



**EXHIBIT F-5**

**FORM OF TARIFF FOR HILCO ELECTRIC COOPERATIVE, INC.**

**HILCO ELECTRIC COOPERATIVE, INC.**

**STANDARD PRICING SCHEDULE: Securitized  
Charge for Cost Recovery Bonds**

Date Issued [\_\_\_\_\_] ]  
Effective Date [\_\_\_\_\_] ]

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**APPLICABILITY:** This Securitized Cost Recovery Factor (SCRF) rider is applicable in all service areas of the Hilco Electric Cooperative, Inc. (the “Cooperative”) and to all Customers of the Cooperative other than Excluded Customers and shall be a rate schedule and part of the Tariff for Electric Service (the “Cooperative’s Tariff”) and shall apply pursuant the Cooperative’s Tariff. This rider is irrevocable and nonbypassable.

**PURPOSE:** To recover from Customers served the amounts necessary to service, repay, and administer the bonds (the “Securitized Bonds”) associated with paying the wholesale power costs and other costs arising out of Winter Storm Uri as more fully described in and issued pursuant to the terms and conditions the financing order of the Cooperative, approved by the board of directors of the Cooperative on [\_\_\_\_\_] , 2022 (the “Financing Order”). The terms and conditions of this rider shall comply in all respects with, and be subject to, the terms and conditions of the Financing Order, and if there is a conflict between the terms and conditions of this rider and those of the Financing Order, the terms and conditions of the Financing Order shall control. Capitalized terms used herein and not defined herein are defined in the Financing Order.

**TERM:** The charges associated with repaying the Securitized Bonds (“Securitized Charges”) imposed by this rider shall become effective the first billing cycle following the issuance of the Securitized Bonds and shall remain in effect until the complete repayment and retirement of the Securitized Bonds and payment in full of the Ongoing Financing Costs.

**ALLOCATION:** Costs associated with repaying the Securitized Bonds shall be collected under the Securitized Charges described below; provided, however, the Securitized Charges shall not be billed to any Excluded Customer as provided in the Financing Order.

**SECURITIZED CHARGES:** The Securitized Charges shall be calculated by the Master Servicer and provided to the Cooperative pursuant to the terms and conditions of the Master Servicing Agreement and the Financing Order. The Securitized Charges include:

**A. Securitized Cost Recovery Factor (SCRF) – Energy Rate**

This rate shall apply to all Customers except Excluded Customers, Direct Charge Customers, and Contract Rate Customers.

The charges shall be computed as follows:

$$\text{SCRF Energy} = \frac{(A - B)}{\text{kWhs}}$$

Where:

**HILCO ELECTRIC COOPERATIVE, INC.**

**STANDARD PRICING SCHEDULE: Securitized  
Charge for Cost Recovery Bonds**

Date Issued [\_\_\_\_\_]   
Effective Date [\_\_\_\_\_]   
\_\_\_\_\_   
\_\_\_\_\_

SCRF - Energy = Securitized Cost Recovery Factor (expressed in \$ per kWh) to be applied to energy sales (excluding energy sales for Direct Charge, Contract Rate and Excluded Customers) for the Calculation Period (as defined in the Cooperative’s Servicing Agreement).

A = Net Periodic Billing Requirement.

B = Total projected Securitized Charge collections from Direct Charge Customers and Contract Rate Customers in the Calculation Period.

KWhs = Total estimated energy sales (excluding energy sales for Direct Charge, Contract Rate and Excluded Customers) for the Calculation Period.

**B. Securitized Cost Recovery Factor (SCRF) – Direct Charge**

SCRF – Direct Charge: Securitized Cost Recovery Factor (expressed in \$ per month) determined for each SCRF Direct Charge Customer of the Cooperative as set forth in the Financing Order.

**C. Securitized Cost Recovery Factor (SCRF) – Contract Rate**

The Contract Rate shall be applicable to certain Customers who have energy supply options to serve their electrical requirements, and shall be made available pursuant to the same procedures established by the Cooperative under Public Utility Regulatory Act § 41.061(e). This Rate is only applicable to Customers connected after the Winter Storm Uri event and meeting the following criteria:

Load Size Greater than 1 MW

**Securitized Contract Monthly Rate:**

Equal to 10% of the SCRF - Energy Rate Rate in effect on the Cut-Off Date for the applicable Calculation Period.

**BILLING:**

**HILCO ELECTRIC COOPERATIVE, INC.**

**STANDARD PRICING SCHEDULE: Securitized  
Charge for Cost Recovery Bonds**

Date Issued [\_\_\_\_\_] ]  
Effective Date [\_\_\_\_\_] ]

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For Customers who take service from the Cooperative (or its successors) under Cooperative's net metering service or avoided cost distributed generation service, the factors of this rider shall apply to the gross kWh of energy required to serve the Customer's load. If metering is not installed to obtain gross kWh, a calculation may be used to determine the estimated kWh generated from the installed DER. The estimated DER kWh generated may be added to the gross kWh delivered by the Cooperative to which the total SCRF factor will be applied.

**TRUE UP:** The Securitized Charges imposed by this rider shall be set and adjusted from time to time as set forth in any True-Up Letter delivered to the Cooperative by the Master Servicer for the Securitized Bonds, delivered under the terms of and in accordance with the Financing Order and the Master Servicing Agreement, by and between Brazos Securitization LLC and Brazos Electric Power Cooperative, Inc. The Securitized Charges set forth in any such True-Up Letter is hereby incorporated by reference. The calculation of any such True-Up is not subject to notice, review, appeal or protest, except for the review for mathematical accuracy as permitted by the Financing Order.

**NON-BYPASSABILITY:** The Cooperative, as Member Servicer, and any successor servicer, must collect the Securitized Charges from all of its Customers connected to the Cooperative's system assets and taking service, other than Excluded Customers, regardless of whether such assets continue to be owned by the Cooperative or whether such Customers switch to another retail electric service provider or new on-site generation.

Any Customer (excluding Excluded Customers) that disconnects from the Cooperative's system and connects to another electric service provider must either pay a termination fee or continue to pay the Securitized Charges, which will be collected by the Cooperative, its servicer, any entity providing electric transmission or distribution services, or any retail electric provider providing services to the disconnecting customer, provided, however, that such collection will be performed in a manner as determined by the Cooperative that will not adversely affect the ratings on the Securitized Bonds. In the event a Customer adds on-site generation, the Cooperative shall collect the Securitized Charges from the Customer based on the terms as defined in "Billing".

The termination fee shall equal:

Average annual amount of Securitized Charges billed to the Customer over the previous twelve months (or an approximate annualized amount) times the remaining years that the Securitized Bonds are scheduled to be outstanding.

**EXCLUDED CUSTOMERS:** Customers not subject to the Securitized Charges because they were served under the Cooperative's large power flow-through tariff that directly assigns power cost and satisfied their cost responsibility prior to the effectiveness of the Financing Order, as identified in the Financing Order.

**EXHIBIT F-6**

**FORM OF TARIFF FOR MID-SOUTH ELECTRIC COOPERATIVE ASSOCIATION**

**MID-SOUTH ELECTRIC  
COOPERATIVE ASSOCIATION**

**Date Issued: 8/25/22**  
**Effective Date: [\_\_\_\_]**

**STANDARD PRICING SCHEDULE:**  
**Securitized Charge for Cost Recovery Bonds**

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**APPLICABILITY:** This Securitized Cost Recovery Factor (SCRF) rider is applicable in all service areas of Mid-South Electric Cooperative Association (the “Cooperative”) and to all Customers of the Cooperative other than Excluded Customers and shall be a rate schedule and part of the Mid-South Electric Cooperative Association Tariff (the “Cooperative’s Tariff”) and shall apply pursuant the Cooperative’s Tariff. This rider is irrevocable and non-bypassable.

**PURPOSE:** To recover from Customers served the amounts necessary to service, repay, and administer the bonds (the “Securitized Bonds”) associated with paying the wholesale power costs and other costs arising out of Winter Storm Uri as more fully described in and issued pursuant to the terms and conditions of the financing order of the Cooperative, approved by the board of directors of the Cooperative on August 25, 2022 (the “Financing Order”). The terms and conditions of this rider shall comply in all respects with, and be subject to, the terms and conditions of the Financing Order, and if there is a conflict between the terms and conditions of this rider and those of the Financing Order, the terms and conditions of the Financing Order shall control. Capitalized terms used herein and not defined herein are defined in the Financing Order.

**TERM:** The charges associated with repaying the Securitized Bonds (“Securitized Charges”) imposed by this rider shall become effective on the first day of the first billing cycle following the issuance of the Securitized Bonds and shall remain in effect until the complete repayment and retirement of the Securitized Bonds and payment in full of the Ongoing Financing Costs; provided that the charges cannot be imposed beginning 30 years after the date of issuance of the Securitized Bonds.

**ALLOCATION:** Costs associated with repaying the Securitized Bonds shall be collected under the Securitized Charges described below; provided, however, the Securitized Charges shall not be billed to any Excluded Customer as provided in the Financing Order.

**SECURITIZED CHARGES:** The Securitized Charges shall be calculated by the Master Servicer and provided to the Cooperative pursuant to the terms and conditions of the Master Servicing Agreement and the Financing Order. The Securitized Charges include:

**A. Securitized Cost Recovery Factor (SCRF) – Energy Rate**

This rate shall apply to all Customers except Excluded Customers and Contract Rate Customers.

The charges shall be computed as follows:

$$\text{SCRF Energy} = \frac{(A - B)}{\text{kWhs}}$$

**MID-SOUTH ELECTRIC  
COOPERATIVE ASSOCIATION**

**Date Issued: 8/25/22  
Effective Date: [\_\_\_\_\_]**

**STANDARD PRICING SCHEDULE:  
Securitized Charge for Cost Recovery Bonds**

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Where:

SCRF - Energy = Securitized Cost Recovery Factor (expressed in \$ per kWh) to be applied to energy sales (excluding energy sales for Contract Rate Customers and Excluded Customers) for the Calculation Period (as defined in the Cooperative's Servicing Agreement).

A = Net Periodic Billing Requirement.

B = Total projected Securitized Charge collections from Contract Rate Customers in the Calculation Period.

KWhs = Total estimated energy sales (excluding energy sales for Contract Rate Customers and Excluded Customers) for the Calculation Period.

**B. Securitized Cost Recovery Factor (SCRF) – Contract Rate**

The Contract Rate shall be applicable to certain Customers who have energy supply options to serve their electrical requirements, and shall be made available pursuant to the same procedures established by the Cooperative under Public Utility Regulatory Act § 41.061(e). This Rate is only applicable to Customers connected after the Winter Storm Uri event and meeting the following criteria:

Load Size	Greater than 1 MW
Annual Average Load Factor	Greater than 70%

**Securitized Contract Monthly Rate:**

\$0.00030 per kWh in the billing period.

The Contract Rate will be the lesser of the SCRF Energy Rate in effect on the Cut-Off Date for the applicable Calculation Period or the Monthly Rate.

**BILLING:**

For Customers who take service from the Cooperative (or its successors) under Cooperative's net metering service or avoided cost distributed generation service, the factors of this rider shall apply to the gross kWh delivered by the Cooperative to serve the Customer's load.

**MID-SOUTH ELECTRIC  
COOPERATIVE ASSOCIATION**

**Date Issued: 8/25/22**  
**Effective Date: [\_\_\_\_]**

**STANDARD PRICING SCHEDULE:**  
**Securitized Charge for Cost Recovery Bonds**

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**TRUE UP:** The Securitized Charges imposed by this rider shall be set and adjusted from time to time as set forth in any True-Up Letter delivered to the Cooperative by the Master Servicer for the Securitized Bonds, delivered under the terms of and in accordance with the Financing Order and the Master Servicing Agreement, by and between Brazos Securitization LLC and Brazos Electric Power Cooperative, Inc. The Securitized Charges set forth in any such True-Up Letter is hereby incorporated by reference. The calculation of any such True-Up is not subject to notice, protest, or appeal except for the review for computational or other manifest error as permitted by the Financing Order.

**NON-BYPASSABILITY:** The Cooperative, as Member Servicer, and any successor servicer, must collect the Securitized Charges from all of its Customers connected to the Cooperative's system assets and taking service, other than Excluded Customers, regardless of whether such assets continue to be owned by the Cooperative or whether such Customers switch to another retail electric service provider or new on-site generation.

Any Customer (excluding Excluded Customers) that disconnects from the Cooperative's system and connects to another electric service provider must either pay a termination fee or continue to pay the Securitized Charges, which will be collected by the Cooperative, its servicer, any entity providing electric transmission or distribution services, or any retail electric provider providing services to the disconnecting customer, provided, however, that such collection will be performed in a manner as determined by the Cooperative that will not result in any of the credit ratings on the Securitized Bonds being lowered or suspended. In the event a Customer adds on-site generation, the Cooperative shall collect the Securitized Charges from the Customer based on the terms as defined in "Billing".

The termination fee shall equal:

$$\text{Termination Fee} = A \times 12 \times B$$

- A = Average amount of Securitized Charges billed to the Customer over the previous 12 months
- B = The remaining years that the Securitized Bonds are scheduled to be outstanding.

**EXCLUDED CUSTOMERS:** Customers that are not subject to the Securitized Charges because they were served under the Cooperative's large power flow-through tariff that directly assigns power cost and satisfied their cost responsibility prior to the effectiveness of the Financing Order, as identified in the Financing Order.



**EXHIBIT F-7**

**FORM OF TARIFF FOR NAVARRO COUNTY ELECTRIC COOPERATIVE, INC.**

<b>NAVARRO COUNTY ELECTRIC COOPERATIVE, INC., TARIFF FOR ELECTRIC SERVICE</b>	Section 4: Rates	Sheet No. 13
	Original	Page 1 of 3
<b>Tariff Item: Rate Schedules</b>		<b>Effective Date: See Term</b>
<b>Application: Entire Service Area</b>		<b>Board Approved</b>

## BILLING ADJUSTMENTS - SCRF Securitized Cost Recovery Factor

**APPLICABILITY:** This Securitized Cost Recovery Factor (SCRF) rider is applicable in all service areas of Navarro Electric Cooperative, Inc. (the “Cooperative”) and to all Customers of the Cooperative other than Excluded Customers and shall be a rate schedule and part of the Tariff for Electric Service (the “Cooperative’s Tariff”) and shall apply pursuant the Cooperative’s Tariff. This rider is irrevocable and non-bypassable.

**PURPOSE:** To recover from Customers served the amounts necessary to service, repay, and administer the Securitized Bonds associated with paying the wholesale power costs and other costs arising out of Winter Storm Uri as more fully described in and issued pursuant to the terms and conditions the financing order of the Cooperative, approved by the board of directors of the Cooperative on \_\_\_\_\_, 2022 (the “Financing Order”). The terms and conditions of this rider shall comply in all respects with, and be subject to, the terms and conditions of the Financing Order, and if there is a conflict between the terms and conditions of this rider and those of the Financing Order, the terms and conditions of the Financing Order shall control. Capitalized terms used herein and not defined herein are defined in the Financing Order.

**TERM:** The charges associated with repaying the Securitized Bonds (“Securitized Charges”) imposed by this rider shall become effective the first billing cycle following the issuance of the Securitized Bonds and shall remain in effect until the complete repayment and retirement of the Securitized Bonds and payment in full of the Ongoing Financing Costs.

**ALLOCATION:** Costs associated with repaying the Securitized Bonds shall be collected under the Securitized Charges described below; provided, however, the Securitized Charges shall not be billed to any Excluded Customer as provided in the Financing Order.

**SECURITIZED CHARGES:** The Securitized Charges shall be calculated by the Master Servicer and provided to the Cooperative pursuant to the terms and conditions of the Master Servicing Agreement and the Financing Order. The Securitized Charges include:

**A. Securitized Cost Recovery Factor (SCRF) – Energy Rate**

This rate shall apply to all Customers except Excluded Customers, Direct Charge Customers, and Contract Rate Customers.

The charges shall be computed as follows:

$$\text{SCRF Energy} = (A - B)$$

kWhs

<b>NAVARRO COUNTY ELECTRIC COOPERATIVE, INC., TARIFF FOR ELECTRIC SERVICE</b>	Section 4: Rates	Sheet No. 13
	Original	Page 2 of 3
Tariff Item: Rate Schedules		Effective Date: See Term
Application: Entire Service Area		Board Approved

**BILLING ADJUSTMENTS - SCRF (continued)  
Securitized Cost Recovery Factor**

Where:

SCRF - Energy = Securitized Cost Recovery Factor (expressed in \$ per kWh) to be applied to energy sales (excluding energy sales for Direct Charge, Contract Rate and Excluded Customers) for the Calculation Period (as defined in the Cooperative's Servicing Agreement).

A = Net Periodic Billing Requirement.

B = Total projected Securitized Charge collections from SCRF Direct Charge Customers and Contract Rate Customers in the Calculation Period.

KWhs = Total estimated energy sales (excluding energy sales for Direct Charge, Contract Rate and Excluded Customers) for the Calculation Period.

**B. Securitized Cost Recovery Factor (SCRF) – Direct Charge**

SCRF – Direct Charge: Securitized Cost Recovery Factor (expressed in \$ per month) determined for each SCRF Direct Charge Customer of the Cooperative as set forth in the Financing Order.

**C. Securitized Cost Recovery Factor (SCRF) – Contract Rate**

The Contract Rate shall be applicable to certain Customers who have energy supply options to serve their electrical requirements, and shall be made available pursuant to the same procedures established by the Cooperative under Public Utility Regulatory Act § 41.061(e). This Rate is only applicable to Customers connected after the Winter Storm Uri event and meeting the following criteria:

- |                             |                                  |
|-----------------------------|----------------------------------|
| Service Level:              | Wholesale supplier's meter point |
| or                          |                                  |
| Load Size:                  | Greater than 1,000 kW            |
| Annual Average Load Factor: | 70% or Greater                   |

**Securitized Contract Rate:**

10% of all rate components billed to the customer by the cooperative other than those charges related to power supply, including but not limited to, generation capacity and energy, transmission and distribution delivery, ancillary services or charges billed by a third party not related to cooperative owned and or maintained assets.

<b>NAVARRO COUNTY ELECTRIC COOPERATIVE, INC., TARIFF FOR ELECTRIC SERVICE</b>	Section 5: Rates	Sheet No. 13
	Original	Page 3 of 3
<b>Tariff Item: Rate Schedules</b>  <b>Application: Entire Service Area</b>		
<b>Board Approved</b>		

**BILLING ADJUSTMENTS - SCRF (continued)  
Securitized Cost Recovery Factor**

**BILLING:**

For Customers who take service from the Cooperative (or its successors) under Cooperative’s net metering service or avoided cost distributed generation service, the factors of this rider shall apply to the gross kWh delivered by the Cooperative to serve the Customer’s load.

**TRUE UP:** The Securitized Charges imposed by this rider shall be set and adjusted from time to time as set forth in any True-Up Letter delivered to the Cooperative by the Master Servicer for the Securitized Bonds, delivered under the terms of and in accordance with the Financing Order and the Master Servicing Agreement, by and between Brazos Securitization LLC and Brazos Electric Power Cooperative, Inc. The Securitized Charges set forth in any such True-Up Letter is hereby incorporated by reference. The calculation of any such True-Up is not subject to notice, review, appeal or protest, except for the review for mathematical accuracy as permitted by the Financing Order.

**NON-BYPASSABILITY:** The Cooperative, as Member Servicer, and any successor servicer, must collect the Securitized Charges from all of its Customers connected to the Cooperative’s system assets and taking service, other than Excluded Customers, regardless of whether such assets continue to be owned by the Cooperative or whether such Customers switch to another retail electric service provider or new on-site generation.

Any Customer (excluding Excluded Customers) that disconnects from the Cooperative’s system and connects to another electric service provider must either pay a termination fee or continue to pay the Securitized Charges, which will be collected by the Cooperative, its servicer, any entity providing electric transmission or distribution services, or any retail electric provider providing services to the disconnecting customer, provided, however, that such collection will be performed in a manner as determined by the Cooperative that will not adversely affect the ratings on the Securitized Bonds. In the event a Customer adds on-site generation, the Cooperative shall collect the Securitized Charges from the Customer based on the terms as defined in “Billing”.

The termination fee shall equal:

Average annual amount of Securitized Charges billed to the Customer over the previous twelve months (or an approximate annualized amount) times the remaining years that the Securitized Bonds are scheduled to be outstanding.

**EXCLUDED CUSTOMERS:** Customers that are not subject to the Securitized Charges because they were served under the Cooperative’s large power flow-through tariff that directly assigns power cost and satisfied their cost responsibility prior to the effectiveness of the Financing Order, as identified in the Financing Order.

**EXHIBIT F-8**

**FORM OF TARIFF FOR NAVASOTA VALLEY ELECTRIC COOPERATIVE, INC.**

NAVASOTA VALLEY ELECTRIC COOPERATIVE, INC.

**STANDARD PRICING SCHEDULE: Securitized Charge  
for Cost Recovery Bonds**

Date Issued [\_\_\_\_\_] ]  
Effective Date [\_\_\_\_\_] ]

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**APPLICABILITY:** This Securitized Cost Recovery Factor (SCRF) rider is applicable in all service areas of the Navasota Valley Electric Cooperative, Inc. (the “Cooperative”) and to all Customers of the Cooperative other than Excluded Customers and shall be a rate schedule and part of the Tariff for Electric Service (the “Cooperative’s Tariff”) and shall apply pursuant the Cooperative’s Tariff. This rider is irrevocable and nonbypassable.

**PURPOSE:** To recover from Customers served the amounts necessary to service, repay, and administer the bonds (the “Securitized Bonds”) associated with paying the wholesale power costs and other costs arising out of Winter Storm Uri as more fully described in and issued pursuant to the terms and conditions the financing order of the Cooperative, approved by the board of directors of the Cooperative on [\_\_\_\_\_] , 2022 (the “Financing Order”). The terms and conditions of this rider shall comply in all respects with, and be subject to, the terms and conditions of the Financing Order, and if there is a conflict between the terms and conditions of this rider and those of the Financing Order, the terms and conditions of the Financing Order shall control. Capitalized terms used herein and not defined herein are defined in the Financing Order.

**TERM:** The charges associated with repaying the Securitized Bonds (“Securitized Charges”) imposed by this rider shall become effective the first billing cycle following the issuance of the Securitized Bonds and shall remain in effect until the complete repayment and retirement of the Securitized Bonds and payment in full of the Ongoing Financing Costs.

**ALLOCATION:** Costs associated with repaying the Securitized Bonds shall be collected under the Securitized Charges described below; provided, however, the Securitized Charges shall not be billed to any Excluded Customer as provided in the Financing Order.

**SECURITIZED CHARGES:** The Securitized Charges shall be calculated by the Master Servicer and provided to the Cooperative pursuant to the terms and conditions of the Master Servicing Agreement and the Financing Order. The Securitized Charges include:

**A. Securitized Cost Recovery Factor (SCRF) – Energy Rate**

This rate shall apply to all Customers except Excluded Customers, Direct Charge Customers, and Contract Rate Customers.

The charges shall be computed as follows:

$$\text{SCRF Energy} = \frac{(A - B)}{\text{kWhs}}$$

Where:

**NAVASOTA VALLEY ELECTRIC COOPERATIVE, INC.**

**STANDARD PRICING SCHEDULE: Securitized Charge  
for Cost Recovery Bonds**

**Date Issued [\_\_\_\_\_] ]  
Effective Date [\_\_\_\_\_] ]**

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SCRF - Energy = Securitized Cost Recovery Factor (expressed in \$ per kWh) to be applied to energy sales (excluding energy sales for Direct Charge, Contract Rate and Excluded Customers) for the Calculation Period (as defined in the Cooperative's Servicing Agreement).

A = Net Periodic Billing Requirement.

B = Total projected Securitized Charge collections from SCRF Direct Charge Customers and Contract Rate Customers in the Calculation Period.

KWhs = Total estimated energy sales (excluding energy sales for Direct Charge, Contract Rate and Excluded Customers) for the Calculation Period.

**B. Securitized Cost Recovery Factor (SCRF) – Direct Charge**

SCRF – Direct Charge: Securitized Cost Recovery Factor (expressed in a fixed \$ per month amount that is not subject to adjustment) determined for each SCRF Direct Charge Customer of the Cooperative as set forth in the Financing Order.

**C. Securitized Cost Recovery Factor (SCRF) – Contract Rate**

The Contract Rate shall be applicable to certain Customers who have energy supply options to serve their electrical requirements, and shall be made available pursuant to the same procedures established by the Cooperative under Public Utility Regulatory Act § 41.061(e). This Rate is only applicable to Customers connected after the Winter Storm Uri event and meeting the following criteria:

Load Size	Greater than 5MW
Annual Average Load Factor	Greater than 70%

**Securitized Contract Rate:**

\$0.0005 per kWh in the billing period.

**BILLING:**

NAVASOTA VALLEY ELECTRIC COOPERATIVE, INC.

**STANDARD PRICING SCHEDULE: Securitized Charge  
for Cost Recovery Bonds**

Date Issued [\_\_\_\_\_] ]  
Effective Date [\_\_\_\_\_] ]

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For Customers who take service from the Cooperative (or its successors) under Cooperative's net metering service or avoided cost distributed generation service, the factors of this rider shall apply to the gross kWh delivered by the Cooperative to serve the Customer's load.

**TRUE UP:** The Securitized Charges imposed on SCRF Energy Rate Customers by this rider shall be set and adjusted from time to time as set forth in any True-Up Letter delivered to the Cooperative by the Master Servicer for the Securitized Bonds, delivered under the terms of and in accordance with the Financing Order and the Master Servicing Agreement, by and between Brazos Securitization LLC and Brazos Electric Power Cooperative, Inc. The Securitized Charges for such SCRF Energy Rate Customers set forth in any such True-Up Letter is hereby incorporated by reference. The calculation of any such True-Up is not subject to notice, review, appeal or protest, except for the review for mathematical accuracy as permitted by the Financing Order.

**NON-BYPASSABILITY:** The Cooperative, as Member Servicer, and any successor servicer, must collect the Securitized Charges from all of its Customers connected to the Cooperative's system assets and taking service, other than Excluded Customers, regardless of whether such assets continue to be owned by the Cooperative or whether such Customers switch to another retail electric service provider or new on-site generation.

Any Customer (excluding Excluded Customers) that disconnects from the Cooperative's system and connects to another electric service provider must either pay a termination fee or continue to pay the Securitized Charges, which will be collected by the Cooperative, its servicer, any entity providing electric transmission or distribution services, or any retail electric provider providing services to the disconnecting customer, provided, however, that such collection will be performed in a manner as determined by the Cooperative that will not adversely affect the ratings on the Securitized Bonds. In the event a Customer adds on-site generation, the Cooperative shall collect the Securitized Charges from the Customer based on the terms as defined in "Billing".

The termination fee shall equal:

Average annual amount of Securitized Charges billed to the Customer over the previous twelve months (or an approximate annualized amount) times the remaining years that the Securitized Bonds are scheduled to be outstanding.

**EXCLUDED CUSTOMERS:** Customers that are not subject to the Securitized Charges because they were served under the Cooperative's large power flow-through tariff that directly assigns power cost and satisfied their cost responsibility prior to the effectiveness of the Financing Order, as identified in the Financing Order.



**EXHIBIT F-9**

**FORM OF TARIFF FOR COOKE COUNTY ELECTRIC COOPERATIVE  
ASSOCIATION DBA PENTEX ENERGY**

**PENTEX ENERGY**

**STANDARD PRICING SCHEDULE: Securitized  
Charge for Cost Recovery Bonds**

**Date Issued [\_\_\_\_\_]   
Effective Date [\_\_\_\_\_]**

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**APPLICABILITY:** This Securitized Cost Recovery Factor (SCRF) rider is applicable in all service areas of the Pentex Energy (the “Cooperative”) and to all Customers of the Cooperative other than Excluded Customers and shall be a rate schedule and part of the Tariff for Electric Service (the “Cooperative’s Tariff”) and shall apply pursuant the Cooperative’s Tariff. This rider is irrevocable and nonbypassable.

**PURPOSE:** To recover from Customers served the amounts necessary to service, repay, and administer the bonds (the “Securitized Bonds”) associated with paying the wholesale power costs and other costs arising out of Winter Storm Uri as more fully described in and issued pursuant to the terms and conditions the financing order of the Cooperative, approved by the board of directors of the Cooperative on [\_\_\_\_\_] , 2022 (the “Financing Order”). The terms and conditions of this rider shall comply in all respects with, and be subject to, the terms and conditions of the Financing Order, and if there is a conflict between the terms and conditions of this rider and those of the Financing Order, the terms and conditions of the Financing Order shall control. Capitalized terms used herein and not defined herein are defined in the Financing Order.

**TERM:** The charges associated with repaying the Securitized Bonds (“Securitized Charges”) imposed by this rider shall become effective the first billing cycle following the issuance of the Securitized Bonds and shall remain in effect until the complete repayment and retirement of the Securitized Bonds and payment in full of the Ongoing Financing Costs.

**ALLOCATION:** Costs associated with repaying the Securitized Bonds shall be collected under the Securitized Charges described below; provided, however, the Securitized Charges shall not be billed to any Excluded Customer as provided in the Financing Order.

**SECURITIZED CHARGES:** The Securitized Charges shall be calculated by the Master Servicer and provided to the Cooperative pursuant to the terms and conditions of the Master Servicing Agreement and the Financing Order. The Securitized Charges include:

**A. Securitized Cost Recovery Factor (SCRF) – Energy Rate**

This rate shall apply to all Customers except Excluded Customers, Direct Charge Customers, and Contract Rate Customers.

The charges shall be computed as follows:

$$\text{SCRF Energy} = \frac{(A - B)}{\text{kWhs}}$$

Where:

**PENTEX ENERGY**

**STANDARD PRICING SCHEDULE: Securitized  
Charge for Cost Recovery Bonds**

Date Issued [\_\_\_\_\_] ]  
Effective Date [\_\_\_\_\_] ]

SCRF - Energy = Securitized Cost Recovery Factor (expressed in \$ per kWh) to be applied to energy sales (excluding energy sales for Direct Charge, Contract Rate and Excluded Customers) for the Calculation Period (as defined in the Cooperative’s Servicing Agreement).

A = Net Periodic Billing Requirement.

B = Total projected Securitized Charge collections from SCRF Direct Charge Customers and Contract Rate Customers in the Calculation Period.

KWhs = Total estimated energy sales (excluding energy sales for Direct Charge, Contract Rate and Excluded Customers) for the Calculation Period.

**B. Securitized Cost Recovery Factor (SCRF) – Direct Charge**

SCRF – Direct Charge: Securitized Cost Recovery Factor (expressed in \$ per month) determined for each SCRF Direct Charge Customer of the Cooperative as set forth in the Financing Order.

**C. Securitized Cost Recovery Factor (SCRF) – Contract Rate**

The Contract Rate shall be applicable to certain Customers who have energy supply options to serve their electrical requirements, and shall be made available pursuant to the same procedures established by the Cooperative under Public Utility Regulatory Act § 41.061(e). This Rate is only applicable to Customers connected after the Winter Storm Uri event and meeting the following criteria:

Load Size    Installed kVA capacity of 4500 or greater

**Securitized Contract Rate:**

<u>Average Load Factor</u>	<u>Monthly Rate*</u>
65% or Greater	\$0.0010 per kWh
Load Factor less than 65%	\$0.0025 per kWh

\* The Contract Rate will be the lesser of the SCRF Energy Rate in effect on the Cut-Off Date for the applicable Calculation Period or the Monthly Rate.

**PENTEX ENERGY**

**STANDARD PRICING SCHEDULE: Securitized  
Charge for Cost Recovery Bonds**

Date Issued [\_\_\_\_\_] ]  
Effective Date [\_\_\_\_\_] ]

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**BILLING:**

Applicable to DER Applications Received Prior to the Date the Financing Act Became Effective

For Customers who take service from the Cooperative (or its successors) under Cooperative's net metering service or avoided cost distributed generation service prior to the date the Financing Act became effective, the factors of this rider shall apply to the gross kWh delivered by the Cooperative to serve the Customer's load. If the account holder changes, the billing provision applicable to DER Installations with Applications Received On or After the date the Financing Act Became Effective will apply.

Applicable to DER Applications Received On or After the Date the Financing Act Became Effective

For Customers who take service from the Cooperative (or its successors) under Cooperative's net metering service or avoided cost distributed generation service on or after the date the Financing Act became effective, the factors of this rider shall apply to the gross kWh of energy required to serve the Customer's load.

**TRUE UP:** The Securitized Charges imposed by this rider shall be set and adjusted from time to time as set forth in any True-Up Letter delivered to the Cooperative by the Master Servicer for the Securitized Bonds, delivered under the terms of and in accordance with the Financing Order and the Master Servicing Agreement, by and between Brazos Securitization LLC and Brazos Electric Power Cooperative, Inc. The Securitized Charges set forth in any such True-Up Letter is hereby incorporated by reference. The calculation of any such True-Up is not subject to notice, review, appeal or protest, except for the review for mathematical accuracy as permitted by the Financing Order.

**NON-BYPASSABILITY:** The Cooperative, as Member Servicer, and any successor servicer, must collect the Securitized Charges from all of its Customers connected to the Cooperative's system assets and taking service, other than Excluded Customers, regardless of whether such assets continue to be owned by the Cooperative or whether such Customers switch to another retail electric service provider or new on-site generation.

Any Customer (excluding Excluded Customers) that disconnects from the Cooperative's system and connects to another electric service provider on or after the date the Financing Act was enacted must either pay a termination fee or continue to pay the Securitized Charges, which will be collected by the Cooperative, its servicer, any entity providing electric transmission or distribution services, or any retail

**PENTEX ENERGY**

**STANDARD PRICING SCHEDULE: Securitized  
Charge for Cost Recovery Bonds**

**Date Issued [\_\_\_\_\_] ]  
Effective Date [\_\_\_\_\_] ]**

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electric provider providing services to the disconnecting customer, provided, however, that such collection will be performed in a manner as determined by the Cooperative that will not adversely affect the ratings on the Securitized Bonds. In the event a Customer adds on-site generation, the Cooperative shall collect the Securitized Charges from the Customer based on the terms as defined in "Billing".

The termination fee shall equal:

Average annual amount of Securitized Charges billed to the Customer over the previous twelve months (or an approximate annualized amount) times the remaining years that the Securitized Bonds are scheduled to be outstanding; provided, however, if the Customer connects to another electric service provider prior to the issuance of the Securitized Bonds, the termination fee shall equal the product of (i) such Customer's previous twelve months of energy usage, multiplied by (ii) the SCRF Energy Rate applicable in the first month after the Securitized Bonds are issued, multiplied (iii) by the remaining number of years the Securitized Bonds are scheduled to be outstanding.

**EXCLUDED CUSTOMERS:** Customers not subject to the Securitized Charges because they were served under the Cooperative's large power flow-through tariff that directly assigns power cost and satisfied their cost responsibility prior to the effectiveness of the Financing Order, as identified in the Financing Order.

**EXHIBIT F-10**

**FORM OF TARIFF FOR WISE ELECTRIC COOPERATIVE, INC.**

**WISE ELECTRIC COOPERATIVE**

**STANDARD PRICING SCHEDULE: Securitized  
Charge for Cost Recovery Bonds**

**Date Issued [\_\_\_\_\_] ]  
Effective Date [\_\_\_\_\_] ]**

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**APPLICABILITY:** This Securitized Cost Recovery Factor (SCRF) rider is applicable in all service areas of Wise Electric Cooperative, Inc. (the “Cooperative”) and to all Customers of the Cooperative other than Excluded Customers and shall be a rate schedule and part of the Wise Electric Cooperative, Inc. Tariff for Electric Service (the “Cooperative’s Tariff”) and shall apply pursuant the Cooperative’s Tariff. This rider is irrevocable and nonbypassable.

**PURPOSE:** To recover from Customers served the amounts necessary to service, repay, and administer the bonds (the “Securitized Bonds”) associated with paying the wholesale power costs and other costs arising out of Winter Storm Uri as more fully described in and issued pursuant to the terms and conditions the financing order of the Cooperative, approved by the board of directors of the Cooperative on [\_\_\_\_\_] , 2022 (the “Financing Order”). The terms and conditions of this rider shall comply in all respects with, and be subject to, the terms and conditions of the Financing Order, and if there is a conflict between the terms and conditions of this rider and those of the Financing Order, the terms and conditions of the Financing Order shall control. Capitalized terms used herein and not defined herein are defined in the Financing Order.

**TERM:** The charges associated with repaying the Securitized Bonds (“Securitized Charges”) imposed by this rider shall become effective the first billing cycle following the issuance of the Securitized Bonds and shall remain in effect until the complete repayment and retirement of the Securitized Bonds and payment in full of the Ongoing Financing Costs.

**ALLOCATION:** Costs associated with repaying the Securitized Bonds shall be collected under the Securitized Charges described below; provided, however, the Securitized Charges shall not be billed to any Excluded Customer as provided in the Financing Order.

**SECURITIZED CHARGES:** The Securitized Charges shall be calculated by the Master Servicer and provided to the Cooperative pursuant to the terms and conditions of the Master Servicing Agreement and the Financing Order. The Securitized Charges include:

**A. Securitized Cost Recovery Factor (SCRF) – Energy Rate**

This rate shall apply to all Customers except Excluded Customers, Direct Charge Customers, and Contract Rate Customers.

The charges shall be computed as follows:

$$\text{SCRF Energy} = \frac{(A - B)}{\text{kWhs}}$$

**WISE ELECTRIC COOPERATIVE**

**STANDARD PRICING SCHEDULE: Securitized  
Charge for Cost Recovery Bonds**

**Date Issued [\_\_\_\_\_] ]  
Effective Date [\_\_\_\_\_] ]**

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Where:

SCRF - Energy = Securitized Cost Recovery Factor (expressed in \$ per kWh) to be applied to energy sales (excluding energy sales for Direct Charge, Contract Rate and Excluded Customers) for the Calculation Period (as defined in the Cooperative's Servicing Agreement).

A = Net Periodic Billing Requirement.

B = Total projected Securitized Charge collections from SCRF Direct Charge Customers and Contract Rate Customers in the Calculation Period.

KWhs = Total estimated energy sales (excluding energy sales for Direct Charge, Contract Rate and Excluded Customers) for the Calculation Period.

**B. Securitized Cost Recovery Factor (SCRF) – Direct Charge**

SCRF – Direct Charge: Securitized Cost Recovery Factor (expressed in \$ per month) determined for each SCRF Direct Charge Customer of the Cooperative as set forth in the Financing Order.

**C. Securitized Cost Recovery Factor (SCRF) – Contract Rate**

The Contract Rate shall be applicable to certain Customers who have energy supply options to serve their electrical requirements, and shall be made available pursuant to the same procedures established by the Cooperative under Public Utility Regulatory Act § 41.061(e). This Rate is only applicable to Customers connected after the Winter Storm Uri event and meeting the following criteria:

Load Size	Greater than 5MW
Annual Average Load Factor	Greater than 70%

**Securitized Contract Monthly Rate:**

\$0.00200 per kWh in the billing period.

The SCRF Contract Rate will be the lesser of the SCRF Energy Rate in effect on the Cut-Off Date for the applicable Calculation Period or the Monthly Rate.



**WISE ELECTRIC COOPERATIVE**

**STANDARD PRICING SCHEDULE: Securitized  
Charge for Cost Recovery Bonds**

**Date Issued [\_\_\_\_\_] ]  
Effective Date [\_\_\_\_\_] ]**

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**BILLING:**

For Customers who take service from the Cooperative (or its successors) under Cooperative's net metering service or avoided cost distributed generation service, the factors of this rider shall apply to the gross kWh delivered by the Cooperative to serve the Customer's load.

**TRUE UP:** The Securitized Charges imposed by this rider shall be set and adjusted from time to time as set forth in any True-Up Letter delivered to the Cooperative by the Master Servicer for the Securitized Bonds, delivered under the terms of and in accordance with the Financing Order and the Master Servicing Agreement, by and between Brazos Securitization LLC and Brazos Electric Power Cooperative, Inc. The Securitized Charges set forth in any such True-Up Letter is hereby incorporated by reference. The calculation of any such True-Up is not subject to notice, review, appeal or protest, except for the review for mathematical accuracy as permitted by the Financing Order.

**NON-BYPASSABILITY:** The Cooperative, as Member Servicer, and any successor servicer, must collect the Securitized Charges from all of its Customers connected to the Cooperative's system assets and taking service, other than Excluded Customers, regardless of whether such assets continue to be owned by the Cooperative or whether such Customers switch to another retail electric service provider or new on-site generation.

Any Customer (excluding Excluded Customers) that disconnects from the Cooperative's system and connects to another electric service provider must either pay a termination fee or continue to pay the Securitized Charges, which will be collected by the Cooperative, its servicer, any entity providing electric transmission or distribution services, or any retail electric provider providing services to the disconnecting customer, provided, however, that such collection will be performed in a manner as determined by the Cooperative that will not adversely affect the ratings on the Securitized Bonds. In the event a Customer adds on-site generation, the Cooperative shall collect the Securitized Charges from the Customer based on the terms as defined in "Billing".

The termination fee shall equal:

Average annual amount of Securitized Charges billed to the Customer over the previous twelve months (or an approximate annualized amount) times the remaining years that the Securitized Bonds are scheduled to be outstanding.

**EXCLUDED CUSTOMERS:** Customers that are not subject to the Securitized Charges because they were served under the Cooperative's large power flow-through tariff that directly assigns power cost and satisfied their cost responsibility prior to the effectiveness of the Financing Order, as identified in the Financing Order.

**EXHIBIT G**  
**FORM OF SERVICING AGREEMENT**

**SECURITIZED PROPERTY SERVICING AGREEMENT**

**by and between**

**BRAZOS SECURITIZATION LLC,**

**as Issuer**

**and**

**[Member Servicer],**

**as Servicer**

**Dated as of [\_\_\_\_\_], 2022**

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## EXHIBITS AND SCHEDULES

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## ANNEXES

Annex I	Servicing Procedures
Annex II	Definitions

This SECURITIZED PROPERTY SERVICING AGREEMENT (this “Agreement”), dated as of [\_\_\_\_\_], 2022, is between BRAZOS SECURITIZATION LLC, a Delaware limited liability company, as issuer (the “Issuer”), and [Member Servicer] (in its own individual capacity, “[Member Servicer]”), a [\_\_\_\_\_], and in a separate additional capacity as servicer (in such additional capacity, the “Member Servicer”).

## RECITALS

WHEREAS, pursuant to the Financing Act and the Financing Order, [Member Servicer], in its capacity as seller (the “Seller”), and the Issuer shall enter into a Sale Agreement pursuant to which the Seller is selling and the Issuer is purchasing certain Securitized Property created pursuant to the Financing Act and the Financing Order described therein;

WHEREAS, in connection with Issuer’s ownership of the Securitized Property and in order to collect the associated Securitized Charges, the Issuer desires to engage the Member Servicer to carry out the functions described herein (such functions or similar functions currently performed by the Member Servicer for itself with respect to its own charges to its Customers) and the Member Servicer desires to be so engaged;

WHEREAS, the SC Collections initially will be commingled with other funds collected by the Member Servicer, and the Member Servicer has agreed to account for the SC Collections separately;

WHEREAS, the Issuer has pledged the Securitized Property to the payment of the Securitized Bonds pursuant to the terms of the Indenture to secure payment of such bonds;

WHEREAS, the Issuer and Brazos Electric Power Cooperative, Inc. have entered into a Master Servicing Agreement, under which the Master Servicer has agreed to provide certain other services to the Issuer, including with respect to the calculation and adjustment procedures required to determine the Securitized Charges and related reporting and administration activities for the Issuer; and

WHEREAS, although the Service Area is not open to retail competition, the parties agree that certain standards and procedures shall be included in this Agreement concerning REPs when and if retail competition is introduced into the Service Area.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

## ARTICLE I DEFINITIONS

### SECTION 1.01. Definitions.

(a) Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to them in that certain Indenture (including Appendix A thereto) dated as of the date hereof between the Issuer and [\_\_\_\_\_], in its capacity as the indenture trustee (the “Indenture Trustee”), as the same may be amended, restated, supplemented or otherwise modified from time

to time. For convenience of reference, Appendix A to the Indenture is attached hereto as Annex II. Whenever used in this Agreement, the following words and phrases shall have the following meanings:

“Securitized Charges” means the Securitized Charges (as defined in the Indenture) to be charged by the [Member Servicer], on behalf of the Issuer, pursuant to the Financing Order and in accordance with this Agreement.

“Securitized Property” means the Member Securitized Property created pursuant to the Financing Order and sold to the Issuer by [Member Servicer], in its capacity as Seller under the terms of the Securitized Property Purchase and Sale Agreement between [Member Servicer] and Issuer.

(b) All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(c) The words “hereof,” “herein,” “hereunder” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement; Section, Schedule, Exhibit, Annex and Attachment references contained in this Agreement are references to Sections, Schedules, Exhibits, Annexes and Attachments in or to this Agreement unless otherwise specified; and the term “including” shall mean “including without limitation.”

(d) The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms.

(e) Non-capitalized terms used herein which are defined in the Utilities Code shall, as the context requires, have the meanings assigned to such terms in the Utilities Code, but without giving effect to amendments to the Utilities Code after the date hereof which have a material adverse effect on the Issuer or the Holders.

## ARTICLE II APPOINTMENT AND AUTHORIZATION

SECTION 2.01. Appointment of Member Servicer; Acceptance of Appointment. The Issuer hereby appoints the Member Servicer, and the Member Servicer, as an independent contractor, hereby accepts such appointment, to perform the Member Servicer’s obligations pursuant to this Agreement on behalf of and for the benefit of the Issuer or any assignee thereof in accordance with the terms of this Agreement and applicable law. This appointment and the Member Servicer’s acceptance thereof may not be revoked except in accordance with the express terms of this Agreement.

SECTION 2.02. Authorization. With respect to all or any portion of the Securitized Property, the Member Servicer shall be, and hereby is, authorized and empowered by the Issuer to (a) execute and deliver, on behalf of itself and/or the Issuer, as the case may be, any and all instruments, documents or notices, and (b) on behalf of itself and/or the Issuer, as the case may be, make any filing and participate in proceedings of any kind with any Governmental Authority. The Issuer shall execute and deliver to the Member Servicer, or cause the Master Servicer to execute



and deliver, such documents as have been prepared by the Member Servicer for execution by the Issuer and shall furnish the Member Servicer, or cause the Master Servicer to furnish, with such other documents as may be in the Issuer's possession, in each case as the Member Servicer may determine to be necessary or appropriate to enable it to carry out its servicing and administrative duties hereunder. Upon the Member Servicer's written request, the Issuer shall furnish the Member Servicer with any powers of attorney or other documents necessary or appropriate to enable the Member Servicer to carry out its duties hereunder.

SECTION 2.03. Dominion and Control Over the Securitized Property. Notwithstanding any other provision herein, the Issuer shall have dominion and control over the Securitized Property, and the Member Servicer, in accordance with the terms hereof, is acting solely as the servicing agent and custodian for the Issuer with respect to the Securitized Property and the Securitized Property Records. The Member Servicer shall not take any action that is not authorized by this Agreement, that would contravene the Financing Act, the Utilities Code or the Financing Order, that is not consistent with its customary procedures and practices, or that shall impair the rights of the Issuer in the Securitized Property, in each case unless such action is required by applicable law or court or regulatory order.

### ARTICLE III ROLE OF MEMBER SERVICER

SECTION 3.01. Duties of Member Servicer. The Member Servicer, as agent for the Issuer, shall have the following duties:

(a) Duties of Member Servicer Generally. The Member Servicer's duties in general shall include management, servicing and administration of the Securitized Property; obtaining meter reads, calculating usage (including demand and including any such usage by Customers served by a REP, if the Service Area becomes subject to retail competition), providing all necessary information and taking such other actions as required to allow the Master Servicer to calculate and adjust the Securitized Charges on a timely basis to ensure timely payment of the Bonds; billing each Securitized Charge as calculated by the Master Servicer, as required by the Financing Order; collecting and posting of all payments of Securitized Charges; responding to inquiries by Customers, REPs, or any Governmental Authority with respect to the Securitized Property; delivering Bills to Customers; investigating and handling delinquencies (and furnishing reports with respect to such delinquencies to the Issuer), processing and depositing collections and making periodic remittances; furnishing periodic reports to the Master Servicer, the Issuer, and the Indenture Trustee, including reports to be provided by the Master Servicer to the Rating Agency; making, or causing to be made, all filings and taking such other action, in cooperation with the Master Servicer, as may be necessary to perfect the Issuer's ownership interests in and the Indenture Trustee's first priority Lien on and security interest in the Securitized Property; making, or causing to be made, all filings and taking such other action, in cooperation with the Master Servicer, as may be necessary to perfect and maintain the perfection and priority of the Indenture Trustee's Lien on and security interest in all Securitized Bond Collateral; selling as the agent for the Issuer as its interests may appear defaulted or written off accounts in accordance with the Member Servicer's usual and customary practices; and performing such other duties as may be specified under the Financing Order to be performed by it. Without limiting the generality of this Section 3.01(a), in furtherance of the foregoing, the Member Servicer hereby agrees that it shall

also have, and shall comply with, the duties and responsibilities relating to data acquisition, usage and bill calculation, billing, customer service functions, collections, payment processing and remittance set forth in Annex I hereto, as it may be amended from time to time. For the avoidance of doubt, the term “usage” when used herein refers to both kilowatt hour consumption and kilowatt demand.

(b) Reporting Functions.

- (i) Monthly Member Servicer’s Certificate. On or before the twenty-fifth calendar day of each month (or if such day is not a Servicer Business Day, on the immediately preceding Servicer Business Day), the Member Servicer shall prepare and deliver to the Issuer, the Indenture Trustee and the Master Servicer a written report substantially in the form of Exhibit A hereto (a “Monthly Member Servicer’s Certificate”) setting forth certain information relating to SC Payments received by the Member Servicer during the Collection Period immediately preceding such date, including, as applicable, the Remittance Shortfall or Excess Remittance as required by Section 6.11(c) hereof; provided, however, that for any month in which the Master Servicer is required to deliver a Semi-Annual Master Servicer’s Certificate pursuant to Section 4.04(b) of the Master Servicing Agreement, the Member Servicer shall prepare and deliver the Monthly Member Servicer’s Certificate for such month no later than the date of delivery of such Semi-Annual Master Servicer’s Certificate.
- (ii) Notification of Laws and Regulations. The Member Servicer shall immediately notify the Issuer, the Indenture Trustee, the Master Servicer and the Rating Agency in writing of any Requirements of Law hereafter promulgated that have a material adverse effect on the Member Servicer’s ability to perform its duties under this Agreement.
- (iii) Other Information. Upon the Member Servicer’s receipt of the reasonable written request of the Issuer, the Indenture Trustee, the Master Servicer, or the Rating Agency, the Member Servicer shall provide to the Issuer, the Indenture Trustee, the Master Servicer or the Rating Agency, as the case may be, any public financial information in respect of the Member Servicer, or any material information regarding the Securitized Property to the extent it is reasonably available to the Member Servicer, as may be reasonably necessary and permitted by law to allow the Issuer, the Indenture Trustee, the Master Servicer or the Rating Agency to monitor the performance by the Member Servicer hereunder. In addition, so long as any of the Securitized Bonds are outstanding, the Member Servicer shall provide the Issuer, the Master Servicer and the Indenture Trustee any information available to the Member Servicer or reasonably obtainable by it that is necessary to calculate the Securitized Charges.
- (iv) Preparation of Reports. The Member Servicer shall prepare and deliver such additional reports as required under this Agreement, including a copy of the annual Servicer’s Certificate of Compliance described in Section 3.03, and the Annual Accountant’s Attestation Report described in Section 3.04. In addition, at the

request of the Master Servicer, the Member Servicer shall prepare, procure, deliver and/or file, or cause to be prepared, procured, delivered or filed, any reports, attestations, exhibits, certificates or other documents required to be delivered or filed with any Governmental Authority by the Issuer under the federal securities or other applicable laws or in accordance with the Basic Documents.

(c) Opinions of Counsel. The Member Servicer, in the event such Opinions of Counsel are not provided by the Master Servicer, shall deliver to the Issuer and the Indenture Trustee:

- (i) promptly after the execution and delivery of this Agreement and of each amendment hereto, an Opinion of Counsel from external counsel of the Issuer either (A) to the effect that, in the opinion of such counsel, all filings, including filings with the Texas Secretary of State and all filings pursuant to the UCC, that are necessary under the UCC and the Financing Act to perfect or maintain, as applicable, the Liens of the Indenture Trustee in the Securitized Property have been authorized, executed and filed, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (B) to the effect that, in the opinion of such counsel, no such action shall be necessary to preserve, protect and perfect such Liens; and
- (ii) within ninety (90) days after the beginning of each calendar year beginning with the first calendar year beginning more than three (3) months after the date hereof, an Opinion of Counsel from external counsel of the Issuer, dated as of a date during such ninety (90)-day period, either (A) to the effect that, in the opinion of such counsel, all filings, including filings with Texas Secretary of State and all filings pursuant to the UCC, have been executed and filed that are necessary under the UCC and the Financing Act to maintain the Liens of the Indenture Trustee in the Securitized Property, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (B) to the effect that, in the opinion of such counsel, no such action shall be necessary to preserve, protect and perfect such Liens.

Each Opinion of Counsel referred to in clause (i) or (ii) above shall specify any action necessary (as of the date of such opinion) to be taken in the following year to perfect or maintain, as applicable, such interest or Lien. The Member Servicer shall take commercially reasonable steps to cooperate with the Master Servicer to ensure such opinions are delivered timely to the Issuer and the Indenture Trustee. The reasonable legal fees, expenses or other costs paid by the Member Servicer shall be reimbursable as an Ongoing Financing Cost of the Issuer from amounts available under Section 8.02(e) of the Indenture. The Member Servicer's obligations pursuant to this Section 3.01(c) shall survive and continue notwithstanding that payment of such Ongoing Financing Costs may be delayed pursuant to the terms of the Indenture (it being understood that the Member Servicer may be required initially to advance its own funds to satisfy its obligations hereunder), and then shall later be reimbursed for such advance as provided in the immediately preceding sentence.

**SECTION 3.02. Servicing and Maintenance Standards.** On behalf of the Issuer, the Member Servicer shall (a) manage, service, administer and make collections in respect of the Securitized

Property (including the calculation, billing, collection and remittance of any Termination Fees) with reasonable care and in material compliance with applicable Requirements of Law, using the same degree of care and diligence that the Member Servicer exercises with respect to similar assets for its own account and, if applicable, for others; (b) follow customary standards, policies and procedures for the industry in Texas in performing its duties as Member Servicer; (c) use all reasonable efforts, consistent with its customary servicing procedures, to enforce, and maintain rights in respect of, the Securitized Property and to bill and collect the Securitized Charges; (d) comply with all Requirements of Law, applicable to and binding on it relating to the Securitized Property; (e) file all notices described in the Financing Act and file and maintain the effectiveness of UCC financing statements with respect to the property transferred under the Sale Agreement, and (f) take such other action on behalf of the Issuer to ensure that the Lien of the Indenture Trustee on the Securitized Bond Collateral remains perfected and of first priority. The Member Servicer shall follow such customary and usual practices and procedures as it shall deem necessary or advisable in its servicing of all or any portion of the Securitized Property, which, in the Member Servicer's judgment, may include making filings or taking of legal action. Amounts paid by the Member Servicer in meeting its obligations under this Section 3.02 shall be reimbursable as an Ongoing Financing Cost of the Issuer from amounts available under Section 8.02(e) of the Indenture. The Member Servicer's obligations pursuant to this Section 3.02 shall survive and continue notwithstanding that payment of such Ongoing Financing Costs may be delayed pursuant to the terms of the Indenture (it being understood that the Member Servicer may be required initially to advance its own funds to satisfy its obligations hereunder), and then shall later be reimbursed for such advance as provided in the immediately preceding sentence.

SECTION 3.03. Annual Reports on Compliance. The Member Servicer shall deliver to the Issuer, the Indenture Trustee, and the Master Servicer, on or before March 31 of each year, beginning March 31, [2023] to and including March 31 of the year next succeeding the Retirement of the Securitized Bonds, a certificate from a Responsible Officer of the Member Servicer, in the form attached hereto as **Exhibit B** (the "Annual Servicing Criteria Compliance Certificate"), containing, and certifying as to, the statements of compliance with the applicable criteria identified in such **Exhibit B**, and stating that: (i) a review of the activities of the Member Servicer during the preceding calendar year (or relevant portion thereof in the case of the first certificate of a Responsible Officer) and of its performance under this Agreement has been made under such officer's supervision, and (ii) to the best of such officer's knowledge, after reasonable inquiry, based on such review, the Member Servicer has fulfilled all its obligations under this Agreement throughout the period or, if there has been a default in the fulfillment of any such obligation, describing each such default and its status.

SECTION 3.04. Annual Report by Independent Certified Public Accountants.

(a) The Member Servicer shall cause a firm of independent certified public accountants (which may also provide other services to the Member Servicer or the Seller) to prepare, and the Member Servicer shall deliver to the Issuer, the Master Servicer, and the Indenture Trustee, on or before March 31 of each year, beginning March 31, [2023] to and including the March 31 succeeding the Retirement of the Securitized Bonds, a report addressed to the Member Servicer (the "Annual Accountant's Attestation Report"), which may be included as part of the Member Servicer's customary auditing activities and attached as part of the Member Servicer's Annual Servicing Criteria Compliance Certificate, identifying any material instances of noncompliance with the

criteria identified in the Annual Servicing Criteria Compliance Certificate during the period covered by such certificate. In the event such accounting firm requires the Indenture Trustee or the Issuer to agree or consent to the procedures performed by such firm, the Issuer shall direct the Indenture Trustee in writing to so agree; it being understood and agreed that the Indenture Trustee will deliver such letter of agreement or consent in conclusive reliance upon the direction of the Issuer, and the Indenture Trustee will not make any independent inquiry or investigation as to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures.

(b) The Annual Accountant's Attestation Report shall also indicate that the accounting firm providing such report is independent of the Member Servicer within the meaning of the standards of the Public Company Accounting Oversight Board. The Annual Accountant's Attestation Report shall also indicate that the accounting firm providing such report is independent of the Member Servicer within the meaning of the Code of Professional Ethics of the American Institute of Certified Public Accountants. The costs of the Annual Accountant's Attestation Report paid by the Member Servicer shall be reimbursable as an Ongoing Financing Cost of the Issuer from amounts available under Section 8.02(e) of the Indenture. The Member Servicer's obligations pursuant to this Section 3.04(b) shall survive and continue notwithstanding that payment of such Ongoing Financing Costs may be delayed pursuant to the terms of the Indenture (it being understood that the Member Servicer may be required initially to advance its own funds to satisfy its obligations hereunder), and then shall later be reimbursed for such advance as provided in the immediately preceding sentence.

SECTION 3.05. Third-Party Collectors. No Third-Party Collector shall be authorized to bill and collect the Securitized Charges unless the Member Servicer shall have received written confirmation from the Master Servicer and the Issuer that the Master Servicer and the Issuer have approved the procedures pursuant to which the Third-Party Collector will collect and remit the Securitized Charges and that the Issuer and the Master Servicer have confirmed that the Rating Agency Condition shall have been satisfied with respect to such procedures. Until the Retirement of the Securitized Bonds, the Member Servicer shall, in accordance with the Servicing Standard, take all actions with respect to such Third-Party Collectors required to be taken by the Member Servicer as set forth, if applicable, in any agreement with the Member Servicer, the Financing Order, and the Tariff, in effect from time to time and implement such additional procedures and policies as are necessary to ensure that the Member Servicer shall continue to bill and collect the Securitized Charges in accordance with, if applicable, the terms of this Agreement, any agreement with the Member Servicer, the Financing Order, and the Tariff in effect from time to time. Such procedures and policies shall include the following:

(a) Maintenance of Records and Information. In addition to any actions required by the Tariff, or other applicable law, the Member Servicer shall:

(i) maintain adequate records for promptly identifying and contacting each Third-Party Collector;

(ii) maintain records of end-user Customers which are billed by Third-Party Collectors;  
and

(iii) maintain adequate records for enforcing compliance by all Third-Party Collectors.

The Member Servicer shall update the records described above no less frequently than quarterly.

(b) Affiliated Third-Party Collectors. In performing its obligations under this Section 3.05, the Member Servicer shall deal with any Third-Party Collectors which are Affiliates of the Member Servicer on terms which are no more favorable in the aggregate to such affiliated Third-Party Collector than those used by the Member Servicer in its dealings with any Third-Party Collectors that are not affiliates of the Member Servicer.

#### ARTICLE IV SERVICES RELATED TO BILLING AND TRUE-UP ADJUSTMENTS<sup>1</sup>

SECTION 4.01. Billing and Collection of Adjustments. The Member Servicer shall be obligated, and hereby agrees to, bill and collect the Securitized Charge, as calculated and adjusted from time to time, in accordance with the Financing Order and Section 4.01 of the Master Servicing Agreement, and as further described below:

(a) Commencement of Billing. Beginning [\_\_\_\_\_], 2022, until the Member Servicer receives notice from the Master Servicer of the Retirement of the Securitized Bonds and the payment of all other Ongoing Financing Costs, the Member Servicer will include the Securitized Charge on Bills, in accordance with each True-Up Letter.

(b) Information Reporting. Not later than forty (40) Servicer Business Days prior to each Scheduled Adjustment Date, and not later than five (5) Servicer Business Days after receipt from the Master Servicer of the need to implement an Interim True-Up Adjustment, the Member Servicer shall provide to the Master Servicer all forecasted usage, Days Sales Outstanding, write-off estimates, and estimated expenses of the Member Servicer, in the form set forth in the certificate attached hereto as **Exhibit C** (the “Member Servicer’s Certificate of Projections and Estimates”), for each of the six (6) and twelve (12) months, as applicable, included in the Calculation Period for such True-Up Adjustment, in order to allow the Master Servicer to calculate the Securitized Charge for the Member Servicer’s Service Area. In addition, the Member Servicer will promptly respond to any request for additional information required by the Master Servicer and shall provide such requested information to the Master Servicer.

(c) True-Up Adjustments. (i) Within three (3) Servicer Business Days after receipt by the Member Servicer of a True-Up Letter from the Master Servicer, the Member Servicer will review the calculations for computation or other manifest errors and notify the Master Servicer of any such errors. Any corrections made with respect to the calculations set forth in a True-Up Letter will be made by the Master Servicer in accordance with the terms of the Master Servicing Agreement.

(ii) The Member Servicer may request that the Master Servicer implement an Interim True-Up Adjustment pursuant to the terms of the Master Servicing Agreement by submitting a written

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<sup>1</sup> NTD – True-Up Adjustment mechanics under continued review.

request to the Master Servicer along with an updated Servicer's Certificate of Projections and Estimates.

(iii) Pursuant to the Financing Order, any change to the Securitized Charge imposed through a True-Up Adjustment shall be incorporated by the Member Servicer in its Bills on the Adjustment Date set forth in the True-Up Letter most recently delivered by the Master Servicer to the Member Servicer, and the Member Servicer shall confirm with the Master Servicer that such billing has commenced.

(d) Termination Fees. The Member Servicer shall calculate, bill, collect and remit any Termination Fees in accordance with the terms of the Financing Order.

(e) Reports to Customers.

(A) After each Adjustment Date, the Member Servicer shall, to the extent and in the manner and time frame required by applicable law, if any, cause to be prepared and delivered to Customers any required notices announcing such revised Securitized Charges.

(B) The Member Servicer shall comply with the requirements of the Financing Order and Tariff with respect to the identification of Securitized Charges on Bills. In addition, at least once each year, the Member Servicer shall (to the extent that it does not separately identify the Securitized Charges as being owned by the Issuer in the Bills regularly sent to Customers) cause to be prepared and delivered to such Customers a notice stating, in effect, that the Securitized Property and the Securitized Charges are owned by the Issuer and not the Seller. Such notice shall be included either as an insert to or in the text of the Bills delivered to such Customers or shall be delivered to Customers by electronic means or such other means as the Member Servicer may from time to time use to communicate with its respective Customers.

(C) The Member Servicer shall pay from its own funds all costs of preparation and delivery incurred in connection with clauses (A) and (B) above, including printing and postage costs as the same may increase or decrease from time to time.

SECTION 4.02. Limitation of Liability. (a) The Issuer and the Member Servicer expressly agree and acknowledge that:

(i) In connection with any True-Up Adjustment, the Member Servicer is acting solely in its capacity as the servicing agent hereunder; and

(ii) Except as provided in Section 6.01(h), the Member Servicer makes no representation or warranty, shall bear no responsibility, and shall have no liability whatsoever, in each case, relating to the calculation of any revised Securitized Charges and the True-Up Adjustments relating thereto, including as a result of any inaccuracy of any of the assumptions and projections made in such calculation regarding expected energy usage, Days Sales Outstanding, and write-offs, so long as the Member Servicer has acted in good faith and has not acted in a grossly negligent manner in connection therewith, nor shall the Member Servicer have any liability whatsoever as a result of any Person, including the Holders, not receiving

any payment, amount or return anticipated or expected or in respect of any Securitized Bond generally or of any Ongoing Financing Costs.

(b) Notwithstanding the foregoing, this Section 4.02 shall not relieve the Member Servicer of liability for any misrepresentation by the Member Servicer under Section 6.01 (except to the extent that any breach of Section 6.01(h) arises from the inaccuracy of the assumptions and projections of the Member Servicer for which the Member Servicer is not liable pursuant to this Section 4.02) or for any breach by the Member Servicer of its other obligations under this Agreement.

## ARTICLE V THE SECURITIZED PROPERTY

SECTION 5.01. Custody of Securitized Property Records. To assure uniform quality in servicing the Securitized Property and to reduce administrative costs, the Issuer hereby appoints the Member Servicer, and the Member Servicer hereby accepts such appointment, to act as the agent of the Issuer as custodian of any and all documents and records that the Member Servicer shall keep on file, in accordance with its customary procedures, relating to the Securitized Property, including copies of the Financing Order, and the Tariff, and all documents filed in connection with any True-Up Adjustment and computational records relating thereto (collectively, the “Securitized Property Records”), which are hereby constructively delivered to the Indenture Trustee, as pledgee of the Issuer with respect to all Securitized Property.

SECTION 5.02. Duties of Member Servicer as Custodian.

(a) Safekeeping. The Member Servicer shall hold the Securitized Property Records on behalf of the Issuer and maintain such accurate and complete accounts, records and computer systems pertaining to the Securitized Property Records as shall enable the Issuer, the Master Servicer and the Indenture Trustee, as applicable, to comply with this Agreement, the Master Servicing Agreement, the Sale Agreement between the Issuer and the Seller, and the Indenture. In performing its duties as custodian, the Member Servicer shall act with reasonable care, using that degree of care and diligence that the Member Servicer exercises with respect to comparable assets that the Member Servicer services for itself or, if applicable, for others. The Member Servicer shall promptly report to the Issuer, the Master Servicer, and the Indenture Trustee any failure on its part to hold the Securitized Property Records and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure. Nothing herein shall be deemed to require an initial review or any periodic review by the Issuer the Master Servicer, or the Indenture Trustee of the Securitized Property Records. The Member Servicer’s duties to hold the Securitized Property Records set forth in this Section 5.02, to the extent such Securitized Property Records have not been previously transferred to a successor servicer pursuant to Article VII, shall terminate one year and one day after the earlier of the date on which (i) the Member Servicer is succeeded by a successor servicer in accordance with Article VII and (ii) the date of the Retirement of the Securitized Bonds.

(b) Maintenance of and Access to Records. The Member Servicer shall maintain the Securitized Property Records at the address set forth in Section 8.03(a), or at such other office as shall be specified to the Issuer, the Master Servicer, and the Indenture Trustee by written notice at least thirty (30) days prior to any change in location. The Member Servicer shall make available



for inspection, audit and copying to the Issuer, the Master Servicer and the Indenture Trustee or their respective duly authorized representatives, attorneys or auditors the Securitized Property Records at such times during normal business hours as the Issuer, the Master Servicer or the Indenture Trustee shall reasonably request and which do not unreasonably interfere with the Member Servicer's normal operations. Nothing in this Section 5.02(b) shall affect the obligation of the Member Servicer to observe any applicable law prohibiting disclosure of information regarding the Customers, and the failure of the Member Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.02(b).

(c) Release of Documents. Upon instruction from the Indenture Trustee in accordance with the Indenture, the Member Servicer shall release any Securitized Property Records to the Indenture Trustee, the Indenture Trustee's agent or the Indenture Trustee's designee, as the case may be, at such place or places as the Indenture Trustee may designate, as soon as practicable. Nothing in this Section 5.02(c) shall affect the obligation of the Member Servicer to observe any applicable law prohibiting disclosure of information regarding the Customers, and the failure of the Member Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.02(c).

(d) Defending Securitized Property Against Claims. The Member Servicer shall institute any action or proceeding necessary to compel performance by any person (at the earliest possible time) of any of their respective obligations or duties under the Financing Act and the Financing Order with respect to the Securitized Property, and the Member Servicer agrees to take such legal or administrative actions, including without limitation defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, in accordance with Section 41.160 of the Financing Act, as may be reasonably necessary in the view of the Member Servicer, or determined by the Master Servicer to be reasonably necessary, to block or overturn any attempts to cause a repeal of, modification of or supplement to the Financing Act or the Financing Order. The costs of any action described in this Section 5.02(d) paid by the Member Servicer shall be reimbursable as an Ongoing Financing Cost of the Issuer from amounts available under Section 8.02(e) of the Indenture. The Member Servicer's obligations pursuant to this Section 5.02(d) shall survive and continue notwithstanding that payment of such Ongoing Financing Costs may be delayed pursuant to the terms of the Indenture (it being understood that the Member Servicer may be required initially to advance its own funds to satisfy its obligations hereunder), and then shall later be reimbursed for such advance as provided in the immediately preceding sentence.

(e) Additional Litigation to Defend Securitized Property. In addition to the above, the Member Servicer shall institute any action or proceeding necessary, in accordance with Section 41.160 of the Financing Act, to compel performance by the State of Texas of any of its obligations or duties under the Financing Act or the Financing Order with respect to the Securitized Property, and to compel performance by any person with any of their respective obligations or duties under the Tariff or any agreement with the Member Servicer entered into pursuant to such Tariff. In any proceedings related to the exercise of the power of eminent domain by any municipality to acquire a portion of [Member Servicer]'s electric distribution facilities, the Member Servicer shall assert that the court ordering such condemnation must treat such municipality as a successor to [Member Servicer] under the Financing Act and the Financing Order. The costs of any action described in this Section 5.02(e) paid by the Member Servicer shall be reimbursable as an Ongoing Financing

Cost of the Issuer from amounts available under Section 8.02(e) of the Indenture. The Member Servicer's obligations pursuant to this Section 5.02(e) shall survive and continue notwithstanding that payment of such Ongoing Financing Costs may be delayed pursuant to the terms of the Indenture (it being understood that the Member Servicer may be required initially to advance its own funds to satisfy its obligations hereunder), and then shall later be reimbursed for such advance as provided in the immediately preceding sentence.

SECTION 5.03. Custodian's Indemnification. The Member Servicer as custodian shall indemnify the Issuer, the Master Servicer, the Independent Managers and the Indenture Trustee (for itself and for the benefit of the Holders) and each of their respective officers, directors, employees and agents for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "Losses") that may be imposed on, incurred by or asserted against each such Person as the result of any grossly negligent act or omission in any way relating to the maintenance and custody by the Member Servicer, as custodian, of the Securitized Property Records; provided, however, that the Member Servicer shall not be liable for any portion of any such amount resulting from the willful misconduct, bad faith or gross negligence of the Issuer, the Independent Managers or the Indenture Trustee, as the case may be.

Indemnification under this Section 5.03 shall survive resignation or removal of the Indenture Trustee or any Independent Manager and shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable attorney's fees and expenses).

SECTION 5.04. Effective Period and Termination. The Member Servicer's appointment as custodian shall become effective as of the Closing Date and shall continue in full force and effect until terminated pursuant to this Section 5.04. If the Member Servicer shall resign as servicer in accordance with the provisions of Section 6.05 or if all of the rights and obligations of the Member Servicer shall have been terminated under Section 7.01, the appointment of the Member Servicer as custodian shall be terminated effective as of the date on which the termination or resignation of the Member Servicer is effective. Additionally, if not sooner terminated as provided above, the Member Servicer's obligations as Custodian shall terminate one year and one day after the date on which the Retirement of the Securitized Bonds has occurred.

## ARTICLE VI THE MEMBER SERVICER

SECTION 6.01. Representations and Warranties of Member Servicer. The Member Servicer makes the following representations and warranties, as of the Closing Date and as of such other dates as expressly provided in this Section 6.01, on which the Issuer and the Indenture Trustee are deemed to have relied in entering into this Agreement relating to the servicing of the Securitized Property. The representations and warranties shall survive the execution and delivery of this Agreement, the sale of any Securitized Property and the pledge thereof to the Indenture Trustee pursuant to the Indenture.

(a) Organization and Good Standing. The Member Servicer is duly organized and validly existing and is in good standing under the laws of the State of Texas, with the requisite corporate or other power and authority to own its properties and to conduct its business as such properties

are currently owned and such business is presently conducted and to execute, deliver and carry out the terms of this Agreement, and had at all relevant times, and has, the requisite power, authority and legal right to service the Securitized Property and to hold the Securitized Property Records as custodian.

(b) Due Qualification. The Member Servicer is duly qualified to do business and is in good standing, and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including the servicing of the Securitized Property as required by this Agreement) shall require such qualifications, licenses or approvals (except where the failure to so qualify would not be reasonably likely to have a material adverse effect on the Member Servicer's business, operations, assets, revenues or properties or to its servicing of the Securitized Property).

(c) Power and Authority. The execution, delivery and performance of this Agreement have been duly authorized by all necessary action on the part of the Member Servicer under its organizational or governing documents and laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the Member Servicer enforceable against the Member Servicer in accordance with its terms, subject to applicable insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law.

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof do not violate, result in any breach of any of the terms and provisions of, nor constitute (with or without notice or lapse of time) a default under, the organizational documents of the Member Servicer, or any indenture or other agreement or instrument to which the Member Servicer is a party or by which it or any of its property is bound; nor result in the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, agreement or other instrument (other than any Lien that may be granted under the Basic Documents or any Lien created pursuant to Section 41.159 of the Financing Act); nor violate any existing law or any existing order, rule or regulation applicable to the Member Servicer of any Governmental Authority having jurisdiction over the Member Servicer or its properties.

(f) No Proceedings. There are no proceedings or investigations pending or, to the Member Servicer's knowledge, threatened, before any Governmental Authority having jurisdiction over the Member Servicer or its properties involving or relating to the Member Servicer or the Issuer or, to the Member Servicer's knowledge, any other Person: (i) asserting the invalidity of this Agreement or any of the other Basic Documents, (ii) seeking to prevent the issuance of the Securitized Bonds or the consummation of any of the transactions contemplated by this Agreement or any of the other Basic Documents, (iii) seeking any determination or ruling that could reasonably be expected to materially and adversely affect the performance by the Member Servicer of its obligations under, or the validity or enforceability of, this Agreement, any of the other Basic Documents or the Securitized Bonds or (iv) seeking to adversely affect the federal income tax or state income or franchise tax classification of the Securitized Bonds as debt.

(g) Approvals. No governmental approval, authorization, consent, order or other action of, or filing with, any Governmental Authority is required in connection with the execution and delivery by the Member Servicer of this Agreement, the performance by the Member Servicer of the transactions contemplated hereby or the fulfillment by the Member Servicer of the terms hereof, except those that have been obtained or made, those that are required to be made in the future pursuant to Article IV and those that may need to be filed in the future to continue the effectiveness of any financing statement filed under the Financing Act and the UCC.

(h) Reports and Certificates. Each report, certificate or information delivered by the Member Servicer with respect to the Securitized Charges or True-Up Adjustments will constitute a representation and warranty by the Member Servicer that each such report, certificate or information, as the case may be, is true and correct in all material respects; provided, however, that to the extent any such report, certificate or information is based in part upon or contains assumptions, forecasts or other predictions of future events, the representation and warranty of the Member Servicer with respect thereto will be limited to the representation and warranty that such assumptions, forecasts or other predictions of future events are reasonable based upon historical performance (and other facts known to the Member Servicer on the date such report or certificate is delivered).

SECTION 6.02. Indemnities of Member Servicer; Release of Claims. (a) The Member Servicer shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by the Member Servicer under this Agreement.

(b) The Member Servicer shall indemnify the Issuer, the Indenture Trustee (for itself and for the benefit of the Holders), the Master Servicer and the Independent Managers and each of their respective trustees, officers, directors, employees and agents (each, an “Indemnified Person”) for, and defend and hold harmless each such Person from and against, any and all Losses imposed on, incurred by or asserted against any such Person as a result of (i) the Member Servicer’s willful misconduct, bad faith or gross negligence in the performance of its duties or observance of its covenants under this Agreement or its reckless disregard of its obligations and duties under this Agreement, (ii) the Member Servicer’s breach of any of its representations and warranties contained in this Agreement, or (iii) any litigation or related expenses relating to the Member Servicer’s status or obligations as servicer (other than any proceeding the Member Servicer is required or permitted to institute under this Agreement), except to the extent of Losses either resulting from the willful misconduct, bad faith or gross negligence of such Person seeking indemnification hereunder or resulting from a breach of a representation or warranty made by such Person seeking indemnification hereunder in any of the Basic Documents that gives rise to the Member Servicer’s breach.

(c) For purposes of Section 6.02(b), in the event of the termination of the rights and obligations of [Member Servicer] (or any successor thereto pursuant to Section 6.03) as servicer pursuant to Section 7.01, or a resignation by such Servicer pursuant to this Agreement, such servicer shall be deemed to be the Member Servicer pending appointment of a successor servicer pursuant to Section 7.02.

(d) Indemnification under this Section 6.02 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Financing Act or the Financing Order and shall

survive the resignation or removal of the Indenture Trustee or any Independent Manager or the termination of this Agreement and shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable attorney's fees and expenses).

(e) Except to the extent expressly provided in this Agreement or the other Basic Documents (which exception includes the Member Servicer's claims with respect to the Servicing Fee, reimbursement for any Excess Remittance, reimbursement for costs incurred pursuant to Sections 3.01(c), 3.02, 3.04, 5.02(d), 5.02(e) and 6.04 of this Agreement, and the payment of the purchase price of Securitized Property), the Member Servicer hereby releases and discharges the Issuer, the Independent Managers, the Master Servicer and the Indenture Trustee and each of their respective officers, directors and agents (collectively, the "Released Parties") from any and all actions, claims and demands whatsoever, whenever arising, which the Member Servicer, in its capacity as servicer or otherwise, shall or may have against any such Person relating to the Securitized Property or the Member Servicer's activities with respect thereto other than any actions, claims and demands arising out of the willful misconduct, bad faith or gross negligence of the Released Parties.

(f) Promptly after receipt by an Indemnified Person of notice (or, in the case of the Indenture Trustee, receipt of notice by a Responsible Officer only) of the commencement of any action, proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Member Servicer under this Section 6.02, notify the Member Servicer in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Member Servicer shall relieve the Member Servicer from the obligation to indemnify and hold harmless such Indemnified Person under this Section 6.02 only to the extent that the Member Servicer suffers actual prejudice as a result of such failure. With respect to any action, proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.02, the Member Servicer shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defense of any such action, proceeding or investigation (in which case the Member Servicer shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided that the Indemnified Person shall have the right to participate in such action, proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Member Servicer's election to assume the defense of any action, proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel (including local counsel), and the Member Servicer shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the defendants in any such action include both the Indemnified Person and the Member Servicer and the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to the Member Servicer, (ii) the Member Servicer shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Member Servicer shall authorize the Indemnified Person to employ separate counsel at the expense of the Member Servicer or (iv) in the case of the Indenture Trustee, such action exposes the Indenture Trustee to a material risk of criminal liability or forfeiture or a Servicer Default has occurred and is continuing. Notwithstanding the foregoing, the Member Servicer shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate.

SECTION 6.03. Binding Effect of Servicing Obligations. Any Person (a) into which the Member Servicer may be merged, converted or consolidated, (b) that may result from any reorganization, merger (including, but not limited to, merger as defined in Art. 1.02.A.(18) of the Texas Business Corporation Act or in Section 1.002(55) of the Texas Business Organizations Code, as applicable to the Member Servicer, as amended from time to time (including, without limitation, any merger commonly referred to as a “merger by division”)), conversion or consolidation to which the Member Servicer shall be a party, or (c) that may acquire or succeed to (whether by merger, division, conversion, consolidation, reorganization, sale, transfer, lease, management contract or otherwise) (1) the properties and assets of the Member Servicer substantially as a whole, (2) all or substantially all of the electric distribution business of the Member Servicer which is required to provide electric service to the Member Servicer’s Customers in the Service Area, or (3) the electric distribution system business assets of the Member Servicer required to provide electric service to the Member Servicer’s Customers in a portion of the Service Area, and which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Member Servicer hereunder shall be a successor to the Member Servicer under this Agreement (a “Permitted Successor”) without further act on the part of any of the parties to this Agreement; provided that:

(i) immediately after giving effect to such transaction, no representation, warranty or covenant made pursuant to Section 6.01 shall have been breached and no Servicer Default, and no event which, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing,

(ii) the Member Servicer shall have delivered to the Issuer and the Indenture Trustee an Officer’s Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger, division, reorganization, sale, transfer, lease, management contract transaction, acquisition or other succession and such agreement of assumption complies with this Section 6.03 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with,

(iii) the Member Servicer shall have delivered to the Issuer, the Indenture Trustee, the Master Servicer, and the Rating Agency an Opinion of Counsel from external counsel of the Member Servicer either (A) stating that, in the opinion of such counsel, all filings to be made by the Member Servicer, pursuant to the Financing Act and the UCC, have been executed and filed and are in full force and effect that are necessary to fully preserve, perfect and maintain the priority of the interests of the Issuer and the Liens of the Indenture Trustee in the Securitized Property and reciting the details of such filings or (B) stating that, in the opinion of such counsel, no such action shall be necessary to maintain such interests,

(iv) the Member Servicer shall have delivered to the Issuer, the Indenture Trustee, the Master Servicer, and the Rating Agency an Opinion of Counsel from independent tax counsel stating that, for federal income tax purposes, such consolidation, conversion, merger, division or succession and such agreement of assumption will not result in a material federal income tax consequence to the Issuer or the Holders of Securitized Bonds, and

(v) the Master Servicer shall have given the Rating Agency prior written notice of such transaction and shall have received written notice from the Master Servicer that the Rating Agency

Condition has been satisfied with respect to the replacement of the Member Servicer by the proposed successor servicer.

When any Person (or more than one Person) acquires the properties and assets of the Member Servicer substantially as a whole or otherwise becomes the successor, whether by merger, conversion, consolidation, sale, transfer, lease, management contract or otherwise, to all or substantially all of the electric transmission and distribution business of the Member Servicer (or, if transmission and distribution are not provided by a single entity, provides distribution service directly to Customers taking service at facilities, premises or loads located in the Service Area in accordance with the terms of this Section 6.03), then upon satisfaction of all of the other conditions of this Section 6.03, the preceding servicer shall automatically and without further notice be released from all of its obligations hereunder.

SECTION 6.04. Limitation on Liability of Member Servicer and Others. Except as otherwise provided under this Agreement, neither the Member Servicer nor any of the directors, officers, employees or agents of the Member Servicer shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment; provided, however, that this provision shall not protect the Member Servicer or any such person against any liability that would otherwise be imposed by reason of willful misconduct, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations and duties under this Agreement. The Member Servicer and any director, officer, employee or agent of the Member Servicer may rely in good faith on the advice of counsel reasonably acceptable to the Indenture Trustee or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

Except as provided in this Agreement, including but not limited to Sections 5.02(d) and (e), the Member Servicer shall not be under any obligation to appear in, prosecute or defend any legal action relating to the Securitized Property that is not directly related to one of the Member Servicer's enumerated duties in this Agreement or related to its obligation to pay indemnification, and that in its reasonable opinion may cause it to incur any expense or liability; provided, however, that the Member Servicer may, and if directed by the Master Servicer, shall, in respect of any Proceeding, undertake any action that it is not specifically identified in this Agreement as a duty of the Member Servicer but that the Member Servicer (or Master Servicer) reasonably determines is necessary or desirable in order to protect the rights and duties of the Issuer or the Indenture Trustee under this Agreement and the interests of the Holders and Customers under this Agreement. The Member Servicer's costs and expenses incurred in connection with any such proceeding shall be reimbursable as an Ongoing Financing Cost of the Issuer from amounts available under Section 8.02(e) of the Indenture. The Member Servicer's obligations pursuant to this Section 6.04 shall survive and continue notwithstanding that payment of such Ongoing Financing Costs may be delayed pursuant to the terms of the Indenture (it being understood that the Member Servicer may be required initially to advance its own funds to satisfy its obligations hereunder), and then shall later be reimbursed for such advance as provided in the immediately preceding sentence.

SECTION 6.05. Participating Member Not to Resign as Servicer. Subject to the provisions of Section 6.03, [Member Servicer] shall not resign from the obligations and duties hereby

imposed on it as Servicer under this Agreement unless [Member Servicer] delivers to the Indenture Trustee and the Issuer an opinion of external counsel to the effect that [Member Servicer]'s performance of its duties under this Agreement shall no longer be permissible under applicable law. No such resignation shall become effective until a successor servicer shall have assumed the responsibilities and obligations of [Member Servicer] in accordance with Section 7.02.

SECTION 6.06. Servicing Compensation. (a) In consideration for its services hereunder, until the Retirement of the Securitized Bonds, the Member Servicer shall receive an annual fee (the "Servicing Fee") in an amount equal to (i) \$[\_\_\_\_\_]² for so long as [Member Servicer] or an Affiliate of [Member Servicer] is the Member Servicer, or (ii) if [Member Servicer] or any of its Affiliates is not the Member Servicer, an amount agreed upon by the successor servicer and the Indenture Trustee. The Servicing Fee shall be paid semi-annually with half of the Servicing Fee being paid on each Payment Date (provided that, if the first Payment Date is more than six months after the date of issuance of the Securitized Bonds, the Member Servicer will be entitled to a pro rata increase in the fee payable in the first period). The Member Servicer also shall be entitled to retain as additional compensation (i) any interest earnings on SC Payments received by the Member Servicer and invested by the Member Servicer during each Collection Period prior to remittance to the Collection Account, and (ii) all late payment charges, if any, collected from Customers; provided, however, that if the Member Servicer has failed to remit the Daily Remittance to the General Subaccount of the Collection Account on the Member Servicer Business Day that such payment is to be made pursuant to Section 6.11 on more than three (3) occasions (for reasons other than delays in the transfer of funds not caused by a mistake or error on the part of the Member Servicer or delays caused by force majeure) during the period that the Securitized Bonds are outstanding, then thereafter the Member Servicer will be required to pay to the Indenture Trustee interest on each Daily Remittance accrued at the Federal Funds Rate from the Member Servicer Business Day on which such Daily Remittance was required to be made to the date that such Daily Remittance is actually made. In addition to such compensation, the Member Servicer shall be entitled to reimbursement as described in Sections 3.01(c), 3.02, 3.04, 5.02(d), 5.02(e), and 6.04 of this Agreement.

(b) The Servicing Fee set forth in Section 6.06(a) shall be paid to the Member Servicer by the Indenture Trustee, on each Payment Date in accordance with the priorities set forth in Section 8.02(e) of the Indenture, by wire transfer of immediately available funds from the Collection Account to an account designated by the Member Servicer. Any portion of the Servicing Fee not paid on any such date should be added to the Servicing Fee payable on the subsequent Payment Date. In no event shall the Indenture Trustee be liable for the payment of any Servicing Fee or other amounts specified in this Section 6.06; provided that this Section 6.06 does not relieve the Indenture Trustee of any duties it has to allocate funds for payment for such fees under Section 8.02 of the Indenture.

(c) Except as expressly provided in Sections 3.01(c), 3.02, 3.04, 5.02(d), 5.02(e), and 6.04 of this Agreement, the Member Servicer shall be required to pay from its own account expenses incurred by the Member Servicer in connection with its activities hereunder (including any fees to and disbursements by accountants, counsel, or any other Person, any taxes imposed on the Member Servicer and any expenses incurred in connection with reports to Holders) out of the compensation

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<sup>2</sup> NTD – To be revised to include annual adjustment based on inflation index.



retained by or paid to it pursuant to this Section 6.06, and shall not be entitled to any extra payment or reimbursement therefor.

(d) The foregoing Servicing Fees constitute a fair and reasonable price for the obligations to be performed by the Member Servicer. Such Servicing Fee has been determined without regard to the income of the Issuer, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Issuer and shall be considered a fixed Operating Expense of the Issuer subject to the limitations on such expenses set forth in the Financing Order.

SECTION 6.07. Compliance with Applicable Law. The Member Servicer covenants and agrees, in servicing the Securitized Property, to comply in all material respects with all laws applicable to, and binding upon, the Member Servicer and relating to such Securitized Property the noncompliance with which would have a material adverse effect on the value of the Securitized Property; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the Member Servicer for noncompliance with any Requirement of Law that the Member Servicer is contesting in good faith in accordance with its customary standards and procedures.

SECTION 6.08. Access to Certain Records and Information Regarding Securitized Property. The Member Servicer shall provide to the Indenture Trustee and the Master Servicer access to the Securitized Property Records as is reasonably required for the Indenture Trustee or Master Servicer to perform its duties and obligations under the Indenture and the other Basic Documents, and shall provide access to such records to the Holders as required by applicable law. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the respective offices of the Member Servicer. Nothing in this Section 6.08 shall affect the obligation of the Member Servicer to observe any applicable law prohibiting disclosure of information regarding the Customers, and the failure of the Member Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 6.08.

SECTION 6.09. Appointments. The Member Servicer may at any time appoint any Person to perform all or any portion of its obligations as servicer hereunder; provided, however, that, unless such Person is an Affiliate of [Member Servicer], the Rating Agency Condition shall have been satisfied in connection therewith; provided further that the Member Servicer shall remain obligated and be liable under this Agreement for the servicing and administering of the Securitized Property in accordance with the provisions hereof without diminution of such obligation and liability by virtue of the appointment of such Person and to the same extent and under the same terms and conditions as if the Member Servicer alone were servicing and administering the Securitized Property. The fees and expenses of any such Person shall be as agreed between the Member Servicer and such Person from time to time and none of the Issuer, the Indenture Trustee, the Holders or any other Person shall have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a servicer resignation under Section 6.05.

SECTION 6.10. No Member Servicer Advances. The Member Servicer shall not make any advances of interest or principal on the Securitized Bonds.

SECTION 6.11. Remittances. (a) Commencing on or about [\_\_\_\_\_], 2022, on each Servicer Business Day the Member Servicer shall remit for deposit into the General Subaccount

of the Collection Account the total SC Payments to the General Subaccount of the Collection Account estimated to have been received by the Member Servicer in respect of all previously billed Securitized Charges from or on behalf of Customers as of the second Servicer Business Day immediately preceding such Servicer Business Day (the “Daily Remittance”). The Daily Remittance shall be calculated according to the procedures set forth in Annex I. Prior to (or concurrent with) each remittance to the General Subaccount of the Collection Account pursuant to this Section 6.11, the Member Servicer shall provide written notice to the Indenture Trustee and the Master Servicer of each such remittance (including the exact dollar amount to be remitted). The Member Servicer shall also, promptly upon receipt, remit to the Collection Account any other proceeds of the Securitized Bond Collateral which it may receive from time to time.

(b) The Member Servicer agrees and acknowledges that it holds all SC Collections collected by it and any other proceeds for the Securitized Bond Collateral received by it for the benefit of the Indenture Trustee and the Holders and that all such amounts will be remitted by the Member Servicer in accordance with this Section 6.11, together with any amounts in respect of a Remittance Shortfall required pursuant to clause (c) below and any amounts of interest pursuant to Section 6.06(a). The Member Servicer further agrees not to make any claim to reduce its obligation to remit all SC Payments collected by it in accordance with this Agreement except as set forth in clause (c) below.

(c) On or before June 30 and December 31 of each year (or, if such day is not a Servicer Business Day, the immediately preceding Servicer Business Day) commencing with [December 31, 2022], the Member Servicer, in coordination with Master Servicer, shall calculate the amount of any Remittance Shortfall or Excess Remittance for the Reconciliation Period, as provided in Section 6(e) of Annex I. The Member Servicer shall allocate such Remittance Shortfall or Excess Remittance as follows: (A) if a Remittance Shortfall exists, the Member Servicer shall make a supplemental remittance, to the General Subaccount of the Collection Account within two (2) Servicer Business Days, or (B) if an Excess Remittance exists, the Member Servicer shall be entitled to reduce the amount of each Daily Remittance which the Member Servicer subsequently remits to the General Subaccount of the Collection Account for application to the amount of such Excess Remittance until the balance of such Excess Remittance has been reduced to zero, the amount of such reduction becoming the property of the Member Servicer. If there is a Remittance Shortfall, the amount which the Member Servicer remits to the General Subaccount of the Collection Account on the relevant date set forth above shall be increased by the amount of such Remittance Shortfall, such increase coming from the Member Servicer’s own funds. The Member Servicer acknowledges and agrees that the Issuer is the owner of and has the legal right to all SC Collections received by the Member Servicer, and that the daily estimation of remittances and reconciliations permitted by this Servicing Agreement is made for convenience and cost effectiveness given the current billing system of the Member Servicer. The Member Servicer agrees that in the event of any Servicer Default hereunder, the Member Servicer, upon demand of the Issuer or the Indenture Trustee, will promptly, but no later than 60 days following such request, provide the Indenture Trustee a reconciliation of actual SC Collections received by the Member Servicer and estimated SC Collections remitted by the Member Servicer. The Member Servicer may calculate the Excess Remittance or Remittance Shortfall more often than semi-annually in its discretion if the Member Servicer believes such reconciliations are appropriate. The results of any such reconciliation shall be reported in the next issued Monthly Member Servicer’s Certificate.

SECTION 6.12. Maintenance of Operations. Subject to Section 6.03, [Member Servicer] agrees to continue, unless prevented by circumstances beyond its control, to operate its electric distribution system to provide electric distribution service in the Service Area so long as it is acting as the Member Servicer under this Agreement.

## ARTICLE VII DEFAULT

SECTION 7.01. Member Servicer Default. If any one or more of the following events (a “Servicer Default”) shall occur and be continuing:

(a) (i) any failure by the Member Servicer to duly perform its obligations under Section 4.01(c) of this Agreement in the time and manner set forth herein, or (ii) any failure of the Member Servicer to remit to the Collection Account on behalf of the Issuer any required remittance, which in the event of either (i) or (ii) shall continue unremedied for a period of five (5) days after written notice of such failure is received by the Member Servicer from the Issuer or the Indenture Trustee or after discovery of such failure by an officer of the Member Servicer; or

(b) any failure on the part of the Member Servicer or, so long as the Member Servicer is [Member Servicer] or an affiliate thereof, any failure on the part of [Member Servicer], as the case may be, duly to observe or to perform in any material respect any covenants or agreements of the Member Servicer or [Member Servicer], as the case may be, set forth in this Agreement (other than as provided in clause (a) of this Section 7.01) or any other Basic Document to which it is a party, which failure shall (i) materially and adversely affect the rights of the Holders and (ii) continue unremedied for a period of sixty (60) days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Member Servicer or [Member Servicer], as the case may be, by the Issuer (with a copy to the Indenture Trustee) or to the Member Servicer or [Member Servicer], as the case may be, by the Indenture Trustee or (B) such failure is discovered by an officer of the Member Servicer; or

(c) any representation or warranty made by the Member Servicer in this Agreement or any Basic Document shall prove to have been incorrect in a material respect when made, which has a material adverse effect on the Holders and which material adverse effect continues unremedied for a period of sixty (60) days after the date on which (A) written notice thereof, requiring the same to be remedied, shall have been delivered to the Member Servicer (with a copy to the Indenture Trustee) by the Issuer or the Indenture Trustee or (B) such failure is discovered by an officer of the Member Servicer; or

(d) an Insolvency Event occurs with respect to the Member Servicer;

then, and in each and every case, so long as the Member Servicer Default shall not have been remedied, either the Indenture Trustee may, or shall upon the instruction of Holders evidencing not less than a majority of the Outstanding Amount of the Securitized Bonds, by notice then given in writing to the Member Servicer (and to the Indenture Trustee if given by the Holders) (a “Termination Notice”), terminate all the rights and obligations (other than the obligations set forth in Section 6.02 and the obligation under Section 7.02 to continue performing its functions as Servicer until a successor servicer is appointed) of the Member Servicer under this Agreement.

In addition, upon a Servicer Default described in Section 7.01(a), the Holders and the Indenture Trustee as financing parties under the Financing Act (or any of their representatives) shall be entitled to (i) apply to the district court of [ ] County, Texas for sequestration and payment of revenues arising with respect to the Securitized Property, (ii) foreclose on or otherwise enforce the lien and security interests in the Securitized Property and (iii) apply to a court of competent jurisdiction for an order that amounts arising from the Securitized Charges be transferred to a separate account for the benefit of the Secured Parties, in accordance with the Financing Act.

On or after the receipt by the Member Servicer of a Termination Notice, all authority and power of the Member Servicer under this Agreement, whether with respect to the Securitized Bonds, the Securitized Property, the Securitized Charges or otherwise, shall, without further action, pass to and be vested in such successor servicer as may be appointed under Section 7.02; and, without limitation, the Indenture Trustee is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of the Securitized Property Records and related documents, or otherwise. The predecessor Servicer shall cooperate with the successor servicer, the Issuer and the Indenture Trustee in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the successor servicer for administration by it of all Securitized Property Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Securitized Property or the Securitized Charges. As soon as practicable after receipt by the Member Servicer of such Termination Notice, the Member Servicer shall deliver the Securitized Property Records to the successor servicer. In case a successor servicer is appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable attorney's fees and expenses) incurred in connection with transferring the Securitized Property Records to the successor servicer and amending this Agreement to reflect such succession as Servicer pursuant to this Section 7.01 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of [Member Servicer] as Servicer shall not terminate [Member Servicer]'s rights or obligations under the Sale Agreement (except rights thereunder deriving from its rights as the Member Servicer hereunder).

SECTION 7.02. Appointment of Successor.

(a) Upon the Member Servicer's receipt of a Termination Notice pursuant to Section 7.01 or the Member Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, and shall be entitled to receive the requisite portion of the Servicing Fee, until a successor servicer shall have assumed in writing the obligations of the Member Servicer hereunder as described below. In the event of the Member Servicer's removal or resignation hereunder, the Indenture Trustee shall, at the written direction and with the consent of the Holders of at least a majority of the Outstanding Amount of the Securitized Bonds, appoint a successor servicer with the Issuer's prior written consent thereto (which consent shall not be unreasonably withheld), and the successor servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer and the Indenture Trustee and provide prompt written notice of such assumption to the Issuer and the Rating Agency. If within thirty (30) days after the delivery of the Termination Notice, a new Servicer shall not have been appointed, the Indenture Trustee may petition a court of

competent jurisdiction to appoint a successor servicer under this Agreement. A Person shall qualify as a successor servicer only if (i) such Person is permitted under the laws of the State of Texas to perform the duties of the Member Servicer, (ii) the Rating Agency Condition shall have been satisfied and (iii) such Person enters into a servicing agreement with the Issuer having substantially the same provisions as this Agreement (as the Member Servicer of the Securitized Property sold by the Seller under the applicable Sale Agreement). In no event shall the Indenture Trustee be liable for its appointment of a successor servicer. The Indenture Trustee's expenses incurred under this Section 7.02(a) shall be at the sole expense of the Issuer and payable from the Collection Account as provided in Section 8.02 of the Indenture.

(b) Upon appointment, the successor servicer shall be the successor in all respects to the predecessor servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter relating thereto placed on the predecessor servicer and shall be entitled to the Servicing Fee and all the rights granted to the predecessor servicer by the terms and provisions of this Agreement.

SECTION 7.03. Waiver of Past Defaults. The Holders evidencing not less than a majority of the Outstanding Amount of the Securitized Bonds may, on behalf of all Holders, direct the Indenture Trustee to waive in writing any default by the Member Servicer in the performance of its obligations hereunder and its consequences, except a default in making any required deposits to the Collection Account in accordance with this Agreement. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Promptly after the execution of any such waiver, the Member Servicer shall furnish copies of such waiver to the Rating Agency.

SECTION 7.04. Notice of Servicer Default. The Member Servicer shall deliver to the Issuer, the Indenture Trustee, the Master Servicer and the Rating Agency, promptly after having obtained knowledge thereof, but in no event later than five (5) Business Days thereafter, written notice of any event which with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.01.

SECTION 7.05. Cooperation with Successor. The Member Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the successor servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the successor servicer in performing its obligations hereunder.

## ARTICLE VIII MISCELLANEOUS PROVISIONS

SECTION 8.01. Amendment.

(a) This Agreement may be amended in writing by the Member Servicer and the Issuer, with the prior written consent of the Indenture Trustee, and written confirmation from the Master Servicer of the satisfaction of the Rating Agency Condition with respect to such amendment; provided that any such amendment may not adversely affect the interest of any Holder in any

material respect without the consent of the Holders of a majority of the outstanding principal amount of the Securitized Bonds. Promptly after the execution of any such amendment or consent, the Issuer shall furnish copies of such amendment or consent to the Rating Agency. Promptly after the execution of any such amendment or consent, the Issuer shall furnish written notification of the substance of such amendment or consent to the Rating Agency.

In addition, this Agreement may be amended in writing by the Member Servicer and the Issuer with ten (10) Business Days' prior written notice given to the Rating Agency, by the Master Servicer on behalf of the Issuer and the Member Servicer, and the prior written consent of the Indenture Trustee (which consent shall be given in reliance on an Opinion of Counsel and an Officer's Certificate stating that such amendment is permitted or authorized under and adopted in accordance with the provisions of this Agreement and that all conditions precedent have been satisfied, upon which the Indenture Trustee may conclusively rely), but without the consent of any of the Holders, (i) to cure any ambiguity, to correct or supplement any provisions in this Agreement or for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions in this Agreement or of modifying in any manner the rights of the Holders; provided, however, that such action shall not, as evidenced by an Officer's Certificate delivered to the Issuer and the Indenture Trustee, adversely affect in any material respect the interests of any Holder or (ii) to conform the provisions hereof to the description of this Agreement in the Offering Memorandum. Promptly after the execution of any such amendment or consent, the Issuer shall furnish copies of such amendment or consent to the Rating Agency.

Prior to the execution of any amendment to this Agreement, the Issuer and the Member Servicer shall be entitled to receive and conclusively rely upon an Opinion of Counsel of external counsel stating that such amendment is authorized or permitted by this Agreement and that all conditions precedent have been satisfied and upon receipt of the Opinion of Counsel from external counsel referred to in Section 3.01(c)(i). The Issuer and the Indenture Trustee may, but shall not be obligated to, enter into any such amendment which affects its rights, duties, indemnities or immunities under this Agreement or otherwise.

(b) Notwithstanding Section 8.01(a) or anything to the contrary in this Agreement, the Member Servicer and the Issuer may amend Annex I to this Agreement in writing with prior written notice given to the Indenture Trustee and the Rating Agency, but without the consent of the Indenture Trustee, the Rating Agency or any Holder, solely to address changes to the Member Servicer's method of calculating SC Payments as a result of changes to the Member Servicer's current computerized customer information system, including changes which would replace the remittances contemplated by the estimation procedures set forth in Annex I with remittances of SC Collections determined to have been actually received; provided that any such amendment shall not have a material adverse effect on the Holders of then Outstanding Securitized Bonds as evidenced by an Officer's Certificate of the Issuer.

**SECTION 8.02. Maintenance of Accounts and Records.** (a) The Member Servicer shall maintain accounts and records as to the Securitized Property accurately and in accordance with its standard accounting procedures and in sufficient detail to permit reconciliation between SC Payments received by the Member Servicer and SC Collections from time to time deposited in the Collection Account.

(b) The Member Servicer shall permit the Indenture Trustee or the Master Servicer, and their respective agents at any time during normal business hours, upon reasonable notice to the Member Servicer and to the extent it does not unreasonably interfere with the Member Servicer's normal operations, to inspect, audit and make copies of and abstracts from the Member Servicer's records regarding the Securitized Property and the Securitized Charges. Nothing in this Section 8.02(b) shall affect the obligation of the Member Servicer to observe any applicable law prohibiting disclosure of information regarding the Customers, and the failure of the Member Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 8.02(b).

SECTION 8.03. Notices. Unless otherwise specifically provided herein, all demands, notices and communications upon or to the Member Servicer, the Issuer, the Indenture Trustee or the Rating Agency under this Agreement shall be sufficiently given for all purposes hereunder if in writing and delivered personally, sent by documented delivery service or, to the extent receipt is confirmed telephonically, sent by email or other form of electronic transmission:

- (a) in the case of the Member Servicer, to [\_\_\_\_\_];
- (b) in the case of the Issuer, to [BRAZOS SECURITIZATION LLC \_\_\_\_\_];
- (c) in the case of the Indenture Trustee, to the Corporate Trust Office;
- (d) in the case of the Master Servicer and the Other Participating Members, to Brazos Electric Power Cooperative, Inc., [\_\_\_\_\_];
- (e) in the case of the Rating Agency, to Moody's Investors Service, Inc., ABS/RMBS Monitoring Department, 25th Floor, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Email: [abscormonitoring@moodys.com](mailto:abscormonitoring@moodys.com) (all such notices to be delivered to Moody's in writing by email); and
- (f) as to each of the foregoing, at such other address as shall be designated by written notice to each of the other parties.

SECTION 8.04. Assignment. Notwithstanding anything to the contrary contained herein, except to the extent provided in Section 6.03 and as provided in the provisions of this Agreement concerning the resignation of the Member Servicer, this Agreement may not be assigned by the Member Servicer.

SECTION 8.05. Limitations on Rights of Others. The provisions of this Agreement are solely for the benefit of the Member Servicer and the Issuer and, to the extent provided herein or in the Basic Documents, the Indenture Trustee, the Master Servicer and the Holders, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Securitized Property or Securitized Bond Collateral or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

SECTION 8.06. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such a construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 8.07. Separate Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 8.08. Headings. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 8.09. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 8.10. Assignment to Indenture Trustee. (a) The Member Servicer hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Secured Parties pursuant to the Indenture of any or all of the Issuer's rights hereunder and (b) in no event shall the Indenture Trustee have any liability for the representations, warranties, covenants, agreements or other obligations of the Issuer hereunder or in any of the certificates delivered pursuant hereto, as to all of which any recourse shall be had solely to the assets of the Issuer subject to the availability of funds therefor under Section 8.02 of the Indenture.

SECTION 8.11. Nonpetition Covenants. Notwithstanding any prior termination of this Agreement or the Indenture, the Member Servicer shall not, prior to the date which is one year and one day after the satisfaction and discharge of the Indenture, acquiesce, petition or otherwise invoke or cause the Issuer to invoke or join with any Person in provoking the process of any Governmental Authority for the purpose of commencing or sustaining an involuntary case against the Issuer under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or any substantial part of the property of the Issuer or ordering the dissolution, winding up or liquidation of the affairs of the Issuer.

SECTION 8.12. Limitation of Liability. It is expressly understood and agreed by the parties hereto that this Agreement is executed and delivered by the Indenture Trustee, not individually or personally but solely as Indenture Trustee in the exercise of the powers and authority conferred and vested in it, and that the Indenture Trustee, in acting hereunder, is entitled to all rights, benefits, protections, immunities and indemnities accorded to it under the Indenture.

SECTION 8.13. Rule 17g-5 Compliance. The Member Servicer agrees that any notice, report, request for satisfaction of the Rating Agency Condition, document or other information provided by the Member Servicer to the Rating Agency under this Agreement or any other Basic



Document to which it is a party for the purpose of determining the initial credit rating of the Securitized Bonds or undertaking credit rating surveillance of the Securitized Bonds with the Rating Agency, or satisfy the Rating Agency Condition, shall be substantially concurrently made available by the Member Servicer to the Master Servicer to be posted by the Master Servicer on the 17g-5 Website.

SECTION 8.14. Master Servicing Agreement. The Member Servicer consents to and acknowledges the terms of the Master Servicing Agreement. The Issuer agrees not to amend the Master Servicing Agreement in any manner which would adversely affect the interests of the Member Servicer without the prior written consent of the Member Servicer.

[SIGNATURE PAGE FOLLOWS]

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

[BRAZOS SECURITIZATION LLC], as Issuer

By: Brazos Electric Power Cooperative, Inc., its  
Manager

By: \_\_\_\_\_  
Name:  
Title:

[Member Servicer], as Seller

By: \_\_\_\_\_  
Name:  
Title:

ACKNOWLEDGED AND ACCEPTED:

[\_\_\_\_\_] ,  
as Indenture Trustee

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT A**

**FORM OF MONTHLY MEMBER SERVICER'S CERTIFICATE**

See Attached.

## *Monthly Member Servicer's Certificate*

(to be delivered each month pursuant to Section 3.01(b) of the Securitized Property Servicing Agreement)

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[BRAZOS SECURITIZATION LLC]

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[MEMBER SERVICER], as Member Servicer

Pursuant to the Securitized Property Servicing Agreement dated as of [\_\_\_\_], 2022 (the "Securitized Property Servicing Agreement") between [Member Servicer], as Member Servicer, and [BRAZOS SECURITIZATION LLC], as Issuer, the Member Servicer does hereby certify as follows in connection with the Securitized Charge ("SC"):

### Monthly Collection Tracking

<u>Month:</u>	a. SC in Effect	b. SC Billed	c. Estimated SC Payments Received	d. Remittance to Trustee
January				
February				
March				
April				
May				
June				
July				
August				
September				
October				
November				
December				
Total				

<u>Month</u>	e. Actual SC Collections	f. Remittance Shortfall	g. Excess Remittance	h. Reconciliation to eliminate Remittance Shortfall of Excess Remittance <sup>3</sup>
January				
February				
March				
April				
May				
June				
July				
August				
September				
October				
November				
December				

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<sup>3</sup> Note: reconciliation of remittances required to be made at least semi-annually.

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Total				
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Amounts set forth above reflect aggregate of amounts set forth in Schedule A attached hereto.

Capitalized terms used herein have their respective meanings set forth in the Securitized Property Servicing Agreement.

In WITNESS HEREOF, the undersigned has duly executed and delivered this Monthly Member Servicer's Certificate the    day of  
[MEMBER SERVICER], as Member Servicer

By \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT B**

**FORM OF MEMBER SERVICER’S ANNUAL SERVICING CRITERIA COMPLIANCE CERTIFICATE**

The undersigned hereby certifies that he/she is the duly elected and acting [ ] of [Member Servicer], as servicer (the “Member Servicer”) under the Securitized Property Servicing Agreement dated as of [ ], 2022 (the “Servicing Agreement”) between the Member Servicer and [BRAZOS SECURITIZATION LLC] (the “Issuer”) and further that:

1. The undersigned is responsible for assessing the Member Servicer’s compliance with the servicing criteria set forth in the table below (the “Servicing Criteria”). Terms used herein have the meaning assigned to them in the Servicing Agreement.

2. With respect to each of the Servicing Criteria, the undersigned has made the following assessment of the Servicing Criteria during the fiscal year ended December 31, ... (such period, the “Assessment Period”):

<b>Servicing Criteria</b>
<b>General Servicing Considerations</b>
Policies and procedures are instituted to monitor any performance or other triggers and events of default in accordance with the Servicing Agreement.
Aggregation of information, as applicable, is mathematically accurate and the information conveyed accurately reflects the information.
<b>Remittance, Reporting and Reconciliation of Securitized Charge Collections</b>
Payments of Securitized Charges (or estimates thereof) are remitted to the Indenture Trustee no more than two business days of receipt & posted to customer accounts in its customer information system, or such other number of days specified in the transaction agreements. Estimated Daily Remittances of Securitized Charges are calculated in accordance with the Servicing Agreement.
Reports of remittances of Securitized Charges (or estimates thereof) in monthly or semi-annual reports required by the Servicing Agreement are prepared on a timely basis, and consistent with accounting records and transaction documents. .
Semi-annual reconciliations of Securitized Charges pursuant to the Servicing Agreement are prepared on a timely basis, based upon a review of custodial accounts and related bank clearing accounts. These reconciliations (A) are mathematically accurate; (B) are prepared within 30 calendar days after the bank statement cutoff date, or such other number of days

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### **Servicing Criteria**

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specified in the transaction agreements; (C) are reviewed and approved by someone other than the person who prepared the reconciliation; and (D) contain explanations for reconciling items. These reconciling items are resolved within 90 calendar days of their original identification, or such other number of days specified in the transaction agreements.

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### **Investor Remittances and Reporting**

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Reports to the Issuer, the Indenture Trustee, and the Master Servicer are maintained in accordance with the transaction agreements. Specifically, such reports (A) are prepared in accordance with timeframes and other terms set forth in the transaction agreements; (B) provide information calculated in accordance with the terms specified in the transaction agreements; and (C) agree with investors' or the Indenture Trustee's records as to the total unpaid principal balance and number of Securitized Charge customer accounts serviced by the Member Servicer.

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### **Securitized Charge Customer Account Administration**

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Securitized Property held by the Member Servicer is maintained as required by the transaction agreements or related documents.

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Payments on Securitized Charges, including any payoffs, made in accordance with the Servicing Agreement, are posted to the Member Servicer's obligor records maintained no more than two business days after receipt, or such other number of days specified in the Servicing Agreement.

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Changes with respect to the terms or status of Securitized Charges payable by any customer(e.g., payment modifications or re-agings) are made, reviewed and approved by authorized personnel in accordance with the Servicing Agreement.

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Loss mitigation or recovery actions with respect to Securitized Charges are initiated, conducted and concluded in accordance with the timeframes or other requirements established \_\_\_\_\_ by \_\_\_\_\_ the Servicing Agreement and applicable Commission rules and protocols.

---

Records documenting collection efforts are maintained during the period a Securitized Charge customer account is delinquent in accordance with the Servicing Agreement. Such records are maintained on at least a monthly basis, or such other period specified in the Servicing Agreement, and describe the Member Servicer's activities in monitoring delinquent Securitized Charge customer accounts including, for example, phone calls, letters and payment rescheduling plans in cases where delinquency is deemed temporary (e.g., illness or unemployment).

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**Servicing Criteria**

Regarding any funds held in trust for the Issuer or customers (such as escrow accounts): (A) such funds are analyzed, in accordance with the Servicing Agreement, on at least an annual basis, or such other period specified in the transaction agreements; (B) interest on such funds is paid, or credited, to the Issuer or customers in accordance with the Servicing Agreement, Commission regulations and applicable State laws; and (C) such funds are returned to the obligor within 30 calendar days of full repayment of the related Securitized Charge customer account, or such other number of days specified in the transaction agreements.

Delinquencies, charge-offs and uncollectable accounts are recognized and recorded in accordance with the Servicing Agreement.

3. To the best of the undersigned’s knowledge, based on such review, the Member Servicer is in compliance in all material respects with the applicable Servicing Criteria set forth above as of and for the Assessment Period[, except with respect to the matters identified in the list of Servicer Defaults contained in Annex A attached hereto (if any) and as otherwise set forth below:].<sup>4</sup>

4. An independent public accounting firm has issued an attestation report on the undersigned’s assessment of compliance with the applicable Servicing Criteria set forth above as of and for the Assessment Period.

[INSERT DATE OF CERTIFICATE]

[Member Servicer], as Member Servicer

By: \_\_\_\_\_

Name:

Title:

<sup>4</sup> If the Servicer is not in compliance in all material respects with the Servicing Criteria, include description of any material instance of noncompliance.

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**Exhibit C**

**FORM OF MEMBER SERVICER’S CERTIFICATE OF PROJECTIONS AND ESTIMATES**

The undersigned hereby certifies that he/she is the duly elected and acting [\_\_\_\_\_] of [Member Servicer], as servicer (the “Member Servicer”) under the Securitized Property Servicing Agreement dated as of [\_\_\_\_\_] , 2022 (the “Servicing Agreement”) between the Member Servicer and [BRAZOS SECURITIZATION LLC] (the “Issuer”) and further that:

1. For the twelve month period beginning [Insert Adjustment Date], the Member Servicer has reviewed its business operations and relevant data regarding its Service Area and has developed the projections and estimates set forth on **Schedule 1** attached hereto, which are the same projections and estimates the Member Servicer uses with respect to its own charges. Such projections and estimates have resulted in the following:
  - a) Total Estimated kWh Sold for Six Month Calculation Period:
  - b) Total Estimated kWh Sold for Twelve Month Calculation Period:
  - c) Total Estimated Billed SCs for Six Month Calculation Period Expressed as Percentage of kWh Sold for Six Month Calculation Period:
  - d) Total Estimated Billed SCs for Twelve Month Calculation Period Expressed as Percentage of kWh Sold for Twelve Month Calculation Period:
  - e) Total Estimated Write-Offs for Twelve Month Calculation Period Expressed as Percentage of kWh Sold for Twelve Month Calculation Period:
  - f) Total Estimated Write-Offs for Six Month Calculation Period Expressed as Percentage of kWh Sold for Six Month Calculation Period:
2. The Member Servicer expects to incur the expenses with respect to the Securitized Property that are listed in **Schedule 2** attached hereto.

[INSERT DATE OF CERTIFICATE]

[Member Servicer], as Member Servicer

By: \_\_\_\_\_  
Name:  
Title:

**Schedule 1**

Load Month	Est. kWh sold	Estimated Expenses (\$)	Estimated Write-offs as % of Billings for Period*	Estimated DSO for Period
Month 1 [Insert Month Name]				
Month 2 [Insert Month Name]				
Month 3 [Insert Month Name]				
Month 4 [Insert Month Name]				
Month 5 [Insert Month Name]				
Month 6 [Insert Month Name]				
Month 7 [Insert Month Name]				
Month 8 [Insert Month Name]				
Month 9 [Insert Month Name]				
Month 10 [Insert Month Name]				
Month 11 [Insert Month Name]				
Month 12 [Insert Month Name]				

## ANNEX I

### SERVICING PROCEDURES

The Member Servicer agrees to comply with the following servicing procedures:

#### SECTION 1. DEFINITIONS.

(a) Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Securitized Property Servicing Agreement (the “Agreement”).

(b) Whenever used in this Annex I, the following words and phrases shall have the following meanings:

“Applicable MDMA” means with respect to each Customer, any meter data management agent providing meter reading services for that Customer’s account.

“Billed SCs” means the amounts of Securitized Charges billed by the Member Servicer, whether billed directly to Customers by the Member Servicer.

“Days Sales Outstanding” means the average number of days [Member Servicer]’s monthly bills to Customers in its Texas service area remain outstanding during the calendar year immediately preceding the calculation thereof pursuant to Section 4.01(b) of the Agreement. The initial Days Sales Outstanding shall be 30 days until updated pursuant to Section 4.01(b) of the Agreement.

“Other Providers” means each electric utility, municipally owned utility and/or cooperative, which, pursuant to any Tariff, any other tariffs approved by [Member Servicer], or any agreement with [Member Servicer], is obligated to bill, pay or collect Securitized Charges.

“Servicer Policies and Practices” means, with respect to the Member Servicer’s duties under this Annex I, the policies and practices of the Member Servicer applicable to such duties that the Member Servicer follows with respect to comparable assets that it services for itself and, if applicable, others.

#### SECTION 2. DATA ACQUISITION.

(a) Installation and Maintenance of Meters. Except to the extent that a REP is responsible for such services, the Member Servicer shall cause to be installed, replaced and maintained meters in such places and in such condition as will enable the Member Servicer to obtain usage measurements for each Customer at least once every Billing Period.

(b) Meter Reading. At least once each Billing Period, the Member Servicer shall obtain usage measurements for each Customer, either directly or if applicable, from the Applicable MDMA; provided, however, that the Member Servicer may estimate any Customer’s usage.

(c) Cost of Metering. The Issuer shall not be obligated to pay any costs associated with the routine metering duties set forth in this Section 2, including the costs of installing, replacing and maintaining meters, nor shall the Issuer be entitled to any credit against the Servicing Fee for any cost savings realized by the Member Servicer or any REP as a result of new metering and/or billing technologies.

(d) ERCOT. If the Service Area becomes subject to retail competition, the Member Servicer shall take all reasonable actions available to obtain timely information from ERCOT (or, if such information is not available from ERCOT, directly from the Applicable MDMA) which is necessary for the Member Servicer to fulfill its obligations under this Agreement.

### **SECTION 3. USAGE AND BILL CALCULATION.**

The Member Servicer (a) shall obtain a calculation of each Customer's usage (which may be based on data obtained from such Customer's meter read or on usage estimates determined in accordance with standard practices) at least once each Billing Period; and (b) shall determine therefrom each Customer's individual Securitized Charges to be included on Bills issued by it to such Customer.

### **SECTION 4. BILLING.**

The Member Servicer shall implement the Securitized Charges as of the Closing Date and shall thereafter bill each Customer for the respective Customer's outstanding current and past due Securitized Charges accruing through the date on which such Securitized Charges may no longer be billed under the Tariff, all in accordance with the following:

(a) Frequency of Bills; Billing Practices. In accordance with the Member Servicer's then-existing Servicer Policies and Practices for its own charges, as such Servicer Policies and Practices may be modified from time to time, the Member Servicer shall generate and issue a Bill to each Customer for such Customers' Securitized Charges once every applicable Billing Period, at the same time, with the same frequency and on the same Bill as that containing the Member Servicer's own charges to such Customers, as the case may be. In the event that the Member Servicer makes any material modification to these practices, it shall notify the Master Servicer, Issuer, and the Indenture Trustee, prior to the effectiveness of any such modification; provided, however, that the Member Servicer may not make any modification that will materially adversely affect the Holders.

(b) Format.

(i) Each Bill issued by the Member Servicer shall contain the charge corresponding to the respective Securitized Charges owed by such Customer for the applicable Billing Period. The Securitized Charges shall be separately identified if required by and in accordance with the terms of the Financing Order and the Tariff. If such charges are not separately identified, the Member Servicer shall provide Customers with the annual notice required by Section 4.01(e) of this Agreement.

(ii) The Member Servicer shall conform to such requirements in respect of the format, structure and text of Bills delivered to Customers in accordance with, if applicable, the Financing Order and the Tariff. To the extent that Bill format, structure and text are not prescribed by the Utilities Code,

the Member Servicer shall, subject to clause (i) above, determine the format, structure and text of all Bills in accordance with its reasonable business judgment, its Servicer Policies and Practices with respect to its own charges and prevailing industry standards.

(c) Delivery. The Member Servicer shall deliver all Bills issued by it (i) by United States mail in such class or classes as are consistent with the Member Servicer Policies and Practices followed by the Member Servicer with respect to its own charges to its Customers or (ii) by any other means, whether electronic or otherwise, that the Member Servicer may from time to time use to present its own charges to its customers. The Member Servicer shall pay from its own funds all costs of issuance and delivery of all Bills, including but not limited to printing and postage costs as the same may increase or decrease from time to time.

## **SECTION 5. CUSTOMER SERVICE FUNCTIONS.**

The Member Servicer shall handle all Customer inquiries and other Customer service matters according to the same procedures it uses to service Customers with respect to its own charges.

## **SECTION 6. COLLECTIONS; PAYMENT PROCESSING; TRUE-UP ADJUSTMENT DATA; REMITTANCE.**

(a) Collection Efforts, Policies, Procedures.

(i) The Member Servicer shall use reasonable efforts to collect all Billed SCs from Customers as and when the same become due and shall follow such collection procedures as it follows with respect to comparable assets that it services for itself or others, including with respect to the following:

(A) The Member Servicer shall prepare and deliver overdue notices to Customers in accordance with Servicer Policies and Practices.

(B) The Member Servicer shall apply late payment charges to outstanding Customer balances as required by the Financing Order.

(C) In circumstances where the Member Servicer is allowed to bill Customers directly, the Member Servicer shall deliver verbal and written final notices of delinquency and possible disconnection in accordance with Servicer Policies and Practices.

(D) The Member Servicer shall adhere to and carry out disconnection policies and termination of any future REP billing in accordance with the Utilities Code, the Financing Order and the Member Servicer Policies and Practices.

(E) The Member Servicer may employ the assistance of collection agents to collect any past-due Securitized Charges in accordance with Servicer Policies and Practices and the Tariff.

(F) The Member Servicer shall apply Customer deposits to the payment of delinquent accounts in accordance with Servicer Policies and Practices and according to the priorities set forth in Sections 6(b)(ii), (iii), and (iv) of this Annex I.

(ii) The Member Servicer shall not waive any late payment charge or any other fee or charge relating to delinquent payments, if any, or waive, vary or modify any terms of payment of any amounts payable by a Customer, in each case unless such waiver or action: (A) would be in accordance with the Member Servicer's customary practices or those of any successor servicer with respect to comparable assets that it services for itself and for others; (B) would not materially adversely affect the rights of the Holders as evidenced by an Officer's Certificate of the Issuer; and (C) would comply with applicable law; provided, however, that notwithstanding anything in the Agreement or this Annex I to the contrary, the Member Servicer is authorized to write off any Billed SCs that have remained outstanding for one hundred eighty (180) days or more, or in accordance with its Servicer Policies and Practices.

(iii) The Member Servicer shall accept payment from Customers in respect of Billed SCs in such forms and methods and at such times and places as it accepts for payment of its own charges.

(b) Payment Processing; Allocation; Priority of Payments.

(i) The Member Servicer shall post all payments received to Customer accounts as promptly as practicable, and, in any event, substantially all payments shall be posted no later than three (3) Business Days after receipt.

(ii) Until retail competition is introduced into the Service Area, any amounts collected by the Member Servicer that represent partial payments of the total Bill to a Customer shall be applied by the Member Servicer pro rata based upon the amount of the Securitized Charges compared to all electric charges on the Bill.

(iii) If the Service Area becomes subject to retail competition, the Member Servicer shall apply payments received to each Customer's account in proportion to the charges contained on the outstanding Bill to such Customer. It is understood that such allocations may be made on a delayed basis in accordance with the reconciliations described in Section 6(e) of this Annex I.

(iv) The Member Servicer shall hold all over-payments for the benefit of the Issuer and [Member Servicer] and shall apply such funds to future Bill charges in accordance with clauses (ii) and (iii) (as applicable) as such charges become due.

(c) Accounts; Records.

The Member Servicer shall maintain accounts and records as to the Securitized Property accurately and in accordance with its standard accounting procedures and in sufficient detail (i) to permit reconciliation between payments or recoveries with respect to the Securitized Property and the amounts from time to time remitted to the Collection Account in respect of the Securitized Property and (ii) to permit the SC Collections held by the Member Servicer to be accounted for separately from the funds with which they may be commingled, so that the dollar amounts of SC Collections commingled with the Member Servicer's funds may be properly identified and traced.

(d) Investment of SC Payments Received.

Prior to each Daily Remittance, the Member Servicer may invest SC Payments received at its own risk and for its own benefit. So long as the Member Servicer complies with its obligations under Section 6(c) of this Annex I, neither such investments nor such funds shall be required to be segregated from the other investment and funds of the Member Servicer.

(e) Calculation of Daily Remittance.

(i) For purposes of calculating the Daily Remittance, (i) Billed SCs shall be estimated to be collected the same number of days after billing as is equal to the Days Sales Outstanding then in effect (or on the next Servicer Business Day) and (ii) the Member Servicer will, on each Servicer Business Day, remit to the Indenture Trustee for deposit in the Collection Account an amount equal to the product of the applicable Billed SCs multiplied by one hundred percent less the system wide write-off percentage (or if available in the ordinary course of business, gross write-off percentage for each revenue class) used by the Member Servicer to calculate the most recent Periodic Billing Requirement. Such product shall constitute the amount of Estimated SC Collections for such Servicer Business Day. For convenience of administration, the Estimated SC Collections can be calculated by tracking actual payments from Customers on Bills received by the Member Servicer each day and treating Estimated SC Collections as the percentage of such payments equal to the percentage of the Securitized Charge on such Bill.

(ii) Pursuant to Section 6.11(c) of the Agreement, commencing no later than June 30 of each year, the Member Servicer shall calculate and report in the next succeeding Monthly Member Servicer's Certificate the amount of Actual SC Collections for all completed Collection Periods during the Reconciliation Period as compared to the Estimated SC Collections forwarded to the Collection Account in respect of such Reconciliation Period.

(iii) In accordance with Section 4.01(b) of the Agreement, the Member Servicer shall, in a timely manner so as to perform all required calculations under such Section 4.01(b), update the Days Sales Outstanding and the system-wide write-off percentage (or if available in the ordinary course of business, gross write-off percentage for each revenue class) in order to be able to calculate the Periodic Billing Requirement for the next True-Up Adjustment and to calculate any change in the Daily Remittances for the next Calculation Period.

(iv) The Member Servicer and the Issuer acknowledge that, as contemplated in Section 8.01(b) of the Agreement, the Member Servicer may make certain changes to its current computerized customer information system, which changes, when functional, would affect the Member Servicer's method of calculating the SC Payments estimated to have been received by the Member Servicer during each Collection Period as set forth in this Annex I. Should these changes to the computerized customer information system become functional during the term of the Agreement, the Member Servicer and the Issuer agree that they shall review the procedures used to calculate the SC Payments estimated to have been received in light of the capabilities of such new system and shall amend this Annex I in writing to make such modifications and/or substitutions to such procedures as

may be appropriate in the interests of efficiency, accuracy, cost and/or system capabilities; provided, however, that the Member Servicer may not make any modification or substitution that will materially adversely affect the Holders as evidenced by an Officer's Certificate of the Issuer. As soon as practicable, and in no event later than sixty (60) Business Days after the date on which all Customer accounts are being billed under such new system, the Member Servicer shall notify the Issuer, the Indenture Trustee and the Master Servicer of the same.

(v) All calculations of collections, each update of the Days Sales Outstanding, the system-wide write-off percentage (or if available in the ordinary course of business, gross write-off percentage for each revenue class) and any changes in procedures used to calculate the Estimated SC Payments pursuant to this Section 6(e) shall be made in good faith and in cooperation with the procedures pursuant to clause (iv) above, in a manner reasonably intended to provide estimates and calculations that are at least as accurate as those that would be provided on the Closing Date utilizing the initial procedures.]

(f) Remittances.

(i) The Issuer shall cause to be established the Collection Account in the name of the Indenture Trustee in accordance with the Indenture.

(ii) The Member Servicer shall make remittances to the Collection Account in accordance with Section 6.11 of the Agreement.

(iii) In the event of any change of account or change of institution affecting the Collection Account, the Issuer shall provide written notice thereof to the Member Servicer not later than five (5) Business Days from the effective date of such change.



**Annex II**

**DEFINITIONS**

“17g-5 Website” is defined in Section 10.06 of the Indenture.

“Act” is defined in Section 10.03(a) of the Indenture.

“Actual SC Collections” means for any Reconciliation Period, the amount of Securitized Charges collected by the Servicer.

“Adjustment Mechanism” has meaning provided for such term in the Financing Order.

“Affiliate” means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Allocable Periodic Payment Requirement” means, with respect to each Service Area, the product of (i) Total Adjusted PPR, and (ii) the Allocation Factor for such Service Area.

“Allocation Factor” means the following percentage with respect to each Participating Member:<sup>5</sup>

<i>Name</i>	<i>Allocation Factor</i>
Bartlett Electric Cooperative	[ ]%
Fort Belknap Electric Cooperative	[ ]%
Hamilton County Electric Cooperative	[ ]%
Heart of Texas Electric Cooperative	[ ]%
HILCO Electric Cooperative	[ ]%

<sup>5</sup> NTD – To be updated based on Financing Order.  
107739802.7

<i>Name</i>	<i>Factor</i>	<i>Allocation</i>
Synergy Mid-South		<input type="checkbox"/> %
Navarro County Electric Cooperative		<input type="checkbox"/> %
Navasota Valley Electric Cooperative		<input type="checkbox"/> %
PenTex Energy		<input type="checkbox"/> %
South Plains Electric Cooperative		<input type="checkbox"/> %
Wise Electric Cooperative		<input type="checkbox"/> %

“Annual Accountant’s Attestation Report” has the meaning set forth in Section 3.04 of each Servicing Agreement.

“Bankruptcy Code” means Title 11 of the United States Code (11 U.S.C. §§ 101 et seq.), as amended from time to time.

“Basic Documents” means the Indenture, the Sale Agreements, the Bills of Sale, the Certificate of Formation, the LLC Agreement, the Holdco LLC Agreement, the Servicing Agreements, the Master Servicing Agreement, the Series Supplement, the Bond Purchase Agreement and all other documents and certificates delivered in connection therewith.

“Bill of Sale” means a bill of sale substantially in the form of Exhibit A to each of the Sale Agreements.

“Billed SCs” is defined in Annex I to each of the Servicing Agreements.

“Billing Period” means the period created by dividing the calendar year into twelve (12) consecutive periods of approximately twenty-one (21) Servicer Business Days.

“Bills” means each of the regular monthly bills, summary bills, opening bills and closing bills issued to Customers by a Member Servicer on their own behalf and in their capacity as a Member Servicer.

“Board” means the Board of Directors of the Member Servicer.

“Bond Purchase Agreement” means the Bond Purchase Agreement, dated [\_\_\_\_], 2022, by and among Brazos, the Participating Members, the Initial Purchaser and the Issuer, as the same may be amended, supplemented or modified from time to time.

“Book-Entry Form” means, with respect to any Securitized Bond that such Securitized Bond is not certificated and the ownership and transfers thereof shall be made through book entries by a Clearing Agency as described in Section 2.11 of the Indenture and the Series Supplement pursuant to which such Securitized Bond was issued.

“Book-Entry Securitized Bonds” means any Securitized Bonds issued in Book-Entry Form; provided, however, that after the occurrence of a condition whereupon book-entry registration and transfer are no longer permitted and Definitive Securitized Bonds are to be issued to the Holder of such Securitized Bonds, such Securitized Bonds shall no longer be “Book-Entry Securitized Bonds”.

“Brazos” or means Brazos Electric Power Cooperative, Inc., and its successor and assigns.

“Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions in Dallas, Texas or New York, New York are, or DTC is, authorized or obligated by law, regulation or executive order to remain closed.

“Calculation Period” means, with respect to any True-Up Adjustment, a Six Month Calculation Period and a Twelve Month Calculation Period.

“Capital Contribution” means the amount of cash contributed to the Issuer by Brazos on behalf of the Participating Members as specified in the LLC Agreement.

“Capital Subaccount” is defined in Section 8.02(a) of the Indenture.

“Certificate of Compliance” means the certificates referred to in Section 3.03 of each Servicing Agreement and Section 3.03 of the Master Servicing Agreement.

“Certificate of Formation” means the Certificate of Formation filed with the Secretary of State of the State of Delaware on [\_\_\_\_\_] pursuant to which the Issuer was formed.

“Claim” means a “claim” as defined in Section 101(5) of the Bankruptcy Code.

“Clearing Agency” means an organization registered as a “clearing agency” pursuant to Section 17A of the Exchange Act.

“Clearing Agency Participant” means a securities broker, dealer, bank, trust company, clearing corporation or other financial institution or other Person for whom from time to time a Clearing Agency effects book entry transfers and pledges of securities deposited with the Clearing Agency.

“Clearstream” means Clearstream Banking, Luxembourg, S.A.

“Closing Date” means [ \_\_\_\_\_ ], 2022.

“Code” means the Internal Revenue Code of 1986.

“Collection Account” means the account established by the Issuer and maintained by the Indenture Trustee in accordance with Section 8.02(a) of the Indenture and any subaccounts contained therein.

“Collection Period” means any period commencing on the first Servicer Business Day of any Billing Period and ending on the last Servicer Business Day of such Billing Period.

“Corporate Trust Office” means the principal office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the Closing Date is located at [ \_\_\_\_\_ ] or at such other address as the Indenture Trustee may designate from time to time by notice to the Holders of Securitized Bonds and the Issuer, or the principal corporate trust office of any successor trustee by like notice.

“Covenant Defeasance Option” is defined in Section 4.01(b) of the Indenture.

“Customers” means all existing and future retail customers of a Member Servicer in the Service Area of such Member Servicer and all other existing and future retail customers who are obligated to pay Securitized Charges pursuant to the Financing Order or any Tariff.

“Customer Reimbursements” means amounts to be paid by the Issuer after the defeasance of the Securitized Bonds, in accordance with the terms of the Indenture, to any Member Servicer to eliminate any Over-Collections in any Service Area.

“Daily Remittance” is defined in Section 6.11(a) of each of the Servicing Agreements.

“Days Sales Outstanding” is defined in Annex I to each of the Servicing Agreements.

“Default” means any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default as defined in Section 5.01 of the Indenture.

“Deficiency Event” means any time when the amount on deposit in the Capital Subaccount, after the transfers described in Section 8.02(e) of the Indenture, is less than the Required Capital Level.

“Definitive Securitized Bonds” means Securitized Bonds issued in definitive form in accordance with Section 2.13 of the Indenture.

“DTC” means The Depository Trust Company or any successor thereto.

“Electronic Means” means telephone, telecopy, telegraph, telex, internet, electronic mail or email, facsimile transmission or any other similar means of electronic communication.

Any communication by telephone as an Electronic Means shall be promptly confirmed in writing or by one of the other means of electronic communication authorized herein.

“Eligible Account” means a segregated non-interest-bearing trust account with an Eligible Institution.

“Eligible Institution” means:

(a) the corporate trust department of the Indenture Trustee, so long as any of the securities of the Indenture Trustee have either a short-term credit rating from Moody’s of at least P-1 or a long term unsecured rating from Moody’s of at least A2; or

(b) a depository institution organized under the laws of the United States of America or any State (or any domestic branch of a foreign bank), which (i) has either (A) a long-term issuer rating of “A2” or higher by Moody’s or (B) a short-term issuer rating of “P-1” or higher by Moody’s, or any other long-term, short-term or certificate of deposit rating acceptable to Moody’s and (ii) whose deposits are insured by the FDIC.

If so qualified under clause (b) above, the Indenture Trustee may be considered an Eligible Institution for the purposes of clause (a) of this definition.

“Eligible Investments” mean instruments or investment property which evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, or bankers’ acceptances issued by, any depository institution (including the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America or any State thereof and subject to supervision and examination by federal or state banking authorities, so long as the commercial paper or other short term debt obligations of such depository institution are, at the time of deposit, rated not less than P-1 or its equivalents by the Rating Agency, or such lower rating as will not result in the downgrading or withdrawal of the rating of the Securitized Bonds;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity, and other than commercial paper of Brazos, any Participating Member, or any Affiliate of Brazos or any Participating Member), which at the time of purchase is rated not less than A-1 and P-1 or their equivalents by Moody’s, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Securitized Bonds;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from Moody’s;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America or certain of its agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker dealer, acting as principal and that meets the ratings criteria set forth below:

(g) a broker/dealer (acting as principal) registered as a broker or dealer under Section 15 of the Exchange Act (any broker/dealer being referred to in this definition as a “broker/dealer”), the unsecured short-term debt obligations of which are rated at least “P-1” by Moody’s at the time of entering into this repurchase obligation, or

(h) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least “P-1” by Moody’s at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company.

in each case maturing not later than the Business Day immediately preceding the next Payment Date or Special Payment Date, if applicable (for the avoidance of doubt, investments in money market funds or similar instruments which are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, (1) no securities or investments which mature in 30 days or more shall be “Eligible Investments” unless the issuer thereof has either a short-term unsecured debt rating of at least P-1 from Moody’s or a long-term unsecured debt rating of at least A2 from Moody’s; (2) no securities or investments described in clauses (b) through (d) above which have maturities of more than 30 days but less than or equal to 3 months shall be “Eligible Investments” unless the issuer thereof has a long-term unsecured debt rating of at least A1 from Moody’s and a short-term unsecured debt rating of at least P-1 from Moody’s; (3) no securities or investments described in clauses (b) through (d) above which have maturities of more than 3 months shall be an “Eligible Investment” unless the issuer thereof has a long-term unsecured debt rating of at least Aa3 from Moody’s and a short-term unsecured debt rating of at least P1 from Moody’s.

“ERCOT” means the Electric Reliability Council of Texas or any successor thereto.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” means with respect to any Person at any time, each trade or business (whether or not incorporated) that would, at that time, be treated together with such Person as a single employer under Section 401 of ERISA or Section 414(b), (c), (m) or (o) of the Code.

“Estimated SC Collections” means the sum of the payments in respect of Securitized Charges which are estimated to have been received by each Member Servicer, directly, from or on behalf of such Member Servicer’s Customers, calculated in accordance with Annex I of each of the Servicing Agreements.

“Euroclear” means the Euroclear System.

“Event of Default” is defined in Section 5.01 of the Indenture.

“Excess Funds Subaccount” is defined in Section 8.02(a) of the Indenture.

“Excess Remittance” means the amount, if any, calculated for a particular Reconciliation Period, by which Estimated SC Collections remitted to the Collection Account by a Member Servicer during such Reconciliation Period exceed Actual SC Collections received by a Member Servicer during such Reconciliation Period.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Expected Amortization Schedule” means, with respect to any Tranche, the expected amortization schedule related thereto set forth in the Series Supplement.

“FDIC” means the Federal Deposit Insurance Corporation or any successor thereto.

“Federal Book-Entry Regulations” means 31 C.F.R. Part 357 et seq. (Department of Treasury).

“Federal Book-Entry Securities” means securities issued in book-entry form by the United States Treasury.

“Federal Funds Rate” means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Member Servicers from three (3) federal funds brokers of recognized standing selected by it.

“Final” means, with respect to the Financing Order, that the Financing Order has become final, is not being appealed and that the time for filing an appeal therefrom has expired.

“Final Maturity Date” means, with respect to each Tranche of Securitized Bonds, the Final Maturity Date therefor, as specified in the Series Supplement.

“Financial Asset” means “financial asset” as set forth in Section 8-102(a)(9) of the NY UCC.

“Financing Act” means Subchapter D of Chapter 41 of the Texas Utilities Code, §§ 41.151 -41.163, as amended from time to time.

“Financing Order” means the Final Financing Order issued on or about [\_\_\_\_\_], 2022 by each Board or the Participating Members pursuant to the Financing Act, authorizing the creation of the Securitized Property.

“General Subaccount” is defined in Section 8.02(a) of the Indenture.

“Global Securitized Bond” means a Securitized Bond evidencing all or any part of the Securitized Bonds to be issued to the Holders thereof in Book-Entry Form, which Global Securitized Bond shall be deposited with the Indenture Trustee, as custodian for the Clearing Agency, and registered in the name of the Clearing Agency, or its nominee, in accordance with Section 2.11 of the Indenture and the Series Supplement pursuant to which the Securitized Bond is issued.

“Governmental Authority” means any nation or government, any federal, state, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative function of government.

“Grant” means mortgage, pledge, bargain, sell, warrant, alienate, remise, release, convey, grant, transfer, create, and grant a lien upon and a security interest in and right of set-off against, deposit, set over and confirm pursuant to the Indenture and the Series Supplement. A Grant of the Securitized Bond Collateral or of any other agreement or instrument included therein shall include all rights, powers and options (but none of the obligations) of the Granting party thereunder, including the immediate and continuing right to claim for, collect, receive and give receipt for payments in respect of the Securitized Bond Collateral and all other moneys payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring Proceedings in the name of the Granting party or otherwise and generally to do and receive anything that the Granting party is or may be entitled to do or receive thereunder or with respect thereto.

“Hague Securities Convention” means the Convention on the Law Applicable to Certain Rights in Respect of Securities Held with an Intermediary, ratified September 28, 2016, S. Treaty Doc. No. 112-6 (2012).

“Holder” or “Bondholder” means the Person in whose name a Securitized Bond is registered on the Securitized Bond Register.

“Indenture” means the Indenture, dated as of [\_\_\_\_\_], 2022, by and between the Issuer and [\_\_\_\_\_], as the Indenture Trustee and as Securities Intermediary, as originally executed and, as from time to time supplemented or amended by the Series Supplement or indentures supplemental thereto entered into pursuant to the applicable provisions of the Indenture, as so supplemented or amended, or both, and shall include the forms and terms of the Securitized Bonds established thereunder.

“Indenture Trustee” means [\_\_\_\_\_], as indenture trustee for the benefit of the Secured Parties, or any successor indenture trustee under the Indenture.

“Independent” means, when used with respect to any specified Person, that the Person (a) is in fact independent of the Issuer, any other obligor on the Securitized Bonds, the Seller, the Member Servicers, the Master Servicer, and any Affiliate of any of the foregoing Persons, (b) does not have any direct financial interest or any material indirect financial interest in the Issuer, any such other obligor, the Seller, the Member Servicers, the Master Servicer or any



Affiliate of any of the foregoing Persons and (c) is not connected with the Issuer, any such other obligor, the Seller, the Member Servicers, the Master Servicer, or any Affiliate of any of the foregoing Persons as an officer, employee, promoter, underwriter, trustee, partner, director (other than as an independent director or manager) or person performing similar functions.

“Independent Certificate” means a certificate or opinion to be delivered to the Indenture Trustee under the circumstances described in, and otherwise complying with, the applicable requirements of Section 10.01 of the Indenture, made by an Independent appraiser or other expert appointed by an Issuer Order and consented to by the Indenture Trustee, and such opinion or certificate shall state that the signer has read the definition of “Independent” in the Indenture and that the signer is Independent within the meaning thereof.

“Independent Manager” is defined in Section 1 of the LLC Agreement.

“Initial Purchaser” means [J.P. Morgan Securities LLC].

“Insolvency Event” means, with respect to a specified Person, (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person or any substantial part of its property in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or ordering the winding-up or liquidation of such Person’s affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days; or (b) the commencement by such Person of a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by such Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or the making by such Person of any general assignment for the benefit of creditors, or the failure by such Person generally to pay its debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing.

“Insolvency Law” means any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect.

“Interim Adjustment Date” means the effective date of any Interim True-Up Adjustment.

“Interim True-Up Adjustment” or “Interim Adjustment” means any adjustment to the Securitized Charges made pursuant to the terms of the related Tariff and in accordance with Section 4.01(e) of the Master Servicing Agreement.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended.

“Internal Revenue Service” means the Internal Revenue Service of the United States of America.

“Investment Company Act” means the Investment Company Act of 1940, as amended.

“Investment Earnings” means investment earnings on funds deposited in the Collection Account net of losses and investment expenses.

“Holdco LLC” means Brazos Securitization Holdco LLC, a Delaware limited liability company, formed by the Participating Members under the terms of the Holdco LLC Agreement in accordance with the Financing Order.

“Holdco LLC Agreement” means the Limited Liability Company Agreement of [\_\_\_\_], effective as of [\_\_\_\_], 2022, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Issuer” means [BRAZOS SECURITIZATION LLC], a Delaware limited liability company, named as such in the Indenture until a successor replaces it and, thereafter, means the successor.

“Issuer Order” and “Issuer Request” mean a written order or request signed in the name of the Issuer by any one of its Responsible Officers and delivered to the Indenture Trustee or Paying Agent, as applicable.

“Legal Defeasance Option” is defined in Section 4.01(b) of the Indenture.

“Letter of Representations” means any applicable agreement between the Issuer and the applicable Clearing Agency, with respect to such Clearing Agency’s rights and obligations (in its capacity as a Clearing Agency) with respect to any Book-Entry Securitized Bonds, as the same may be amended, supplemented, restated or otherwise modified from time to time.

“Lien” means a security interest, lien, mortgage, charge, pledge, claim, equity or encumbrance of any kind.

“LLC Act” means the Delaware Limited Liability Company Act, as amended.

[“LLC Agreement” means the Limited Liability Company Agreement of BRAZOS SECURITIZATION LLC, effective as of [\_\_\_\_], 2022, as the same may be amended, restated, supplemented or otherwise modified from time to time.]

“Loss” is defined in Section 1.01(a) of each of the Sale Agreements.

“Losses” is defined in Section 5.03 of each of the Servicing Agreements.

“Manager” means each manager of the Issuer under the LLC Agreement.

“Master Servicer” means Brazos, as Master Servicer under the Master Servicing Agreement, or any successor Master Servicer to the extent permitted under the Master Servicing Agreement.

“Master Servicer Calculations” means the calculations required to complete the schedule attached to the form of True-Up Letter, attached as Exhibit B-1 or Exhibit B-2 to the Master Servicing Agreement, as applicable, delivered to a Member Servicer in connection with each True-Up Adjustment.

“Master Servicer Default” is defined in Section 7.01 of the Master Servicing Agreement.

“Master Servicing Agreement” means the Securitized Property Master Servicing Agreement, dated as of [\_\_\_\_\_], 2022, by and between Brazos, as Master Servicer, and the Issuer, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Master Servicing Fee” means the fee payable to the Master Servicer on each Payment Date for services rendered during the period from, but not including, the preceding Payment Date (or from the Closing Date in the case of the first Payment Date) to and including the current Payment Date, determined pursuant to the Master Servicing Agreement.

“Member” means each of [\_\_\_\_\_].

“Member Securitized Property” means Participating Member Securitized Property, as such term is defined in the first paragraph of the Financing Order.

“Member Servicer” means each Participating Member, as servicer under each Servicing Agreement, or any successor Member Servicer to the extent permitted under the Servicing Agreements.

“Minimum Denomination” means, with respect to any Securitized Bond, the minimum denomination therefor specified in the Series Supplement, which minimum denomination shall be not less than \$100,000, except for one Securitized Bond of each tranche which may be of a smaller denomination, and, except as otherwise provided in the Series Supplement, integral multiples thereof.

“Monthly Member Servicer’s Certificate” means a certificate, substantially in the form of Exhibit A to each of the Servicing Agreements, completed and executed by a Responsible Officer of the applicable Member Servicer pursuant to Section 3.01(b)(i) of each Servicing Agreement.

“Moody’s” means Moody’s Investors Service, Inc. or any successor thereto.

“Net Periodic Payment Requirement” means, with respect to each Service Area, the greater of (i) zero, and (ii) sum of (x) the Allocable Periodic Payment Requirement for such Service Area, and (y) the Periodic Collection Over-Under for such Service Area.

“Net PPR True-Up Letter” is defined in Section 4.01 of the Master Servicing Agreement.

“Non-U.S. Holder” means a holder of Securitized Bonds that is not a U.S. Holder, but does not include (i) an entity or arrangement treated as a partnership for U.S. federal income tax purposes, (ii) a former citizen of the United States or (iii) a former resident of the United States.

“Notice of Default” is defined in Section 5.01 of the Indenture.

“NY UCC” means the Uniform Commercial Code as in effect on the date hereof in the State of New York.

“Offering Memorandum” means the offering memorandum dated [ \_\_\_\_\_ ], 2022 relating to the Securitized Bonds.

“Officer’s Certificate” means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section 10.01 of the Indenture, and delivered to the Indenture Trustee. Unless otherwise specified, any reference in the Indenture to an Officer’s Certificate shall be to an Officer’s Certificate of any Responsible Officer of the party delivering such certificate.

“Ongoing Financing Costs” is defined in the Financing Order.

“Operating Expenses” means all unreimbursed fees, costs and expenses of the Issuer and other Ongoing Financing Costs, including all amounts owed by the Issuer to the Indenture Trustee, any Manager, the Servicing Fee payable to any Member Servicer, the Master Servicing Fee, legal and accounting fees, Rating Agency fees, costs and expenses of the Issuer, the Holdco LLC, any franchise taxes owed on investment income in the Collection Account, and any amounts for Customer Reimbursements.

“Opinion of Counsel” means one or more written opinions of counsel who may, except as otherwise expressly provided in the Basic Documents, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party. Any Opinion of Counsel may be based, insofar as it relates to factual matters (including financial and capital markets), upon a certificate or opinion or, or representations by, an officer or officer of the Master Servicer, the Member Servicers or the Issuer and other documents necessary and advisable in the judgment of counsel delivering such opinion.

“Outstanding” means, as of the date of determination, all Securitized Bonds theretofore authenticated and delivered under this Indenture except:

- (a) Securitized Bonds theretofore canceled by the Securitized Bond Registrar or delivered to the Securitized Bond Registrar for cancellation;
- (b) Securitized Bonds or portions thereof the payment for which money in the necessary amount has been theretofore irrevocably deposited with the Indenture Trustee or any Paying Agent in trust for the Holders of such Securitized Bonds; and

(c) Securitized Bonds in exchange for or in lieu of other Securitized Bonds which have been issued pursuant to the Indenture unless proof satisfactory to the Indenture Trustee is presented that any such Securitized Bonds are held by a Protected Purchaser;

provided that in determining whether the Holders of the requisite Outstanding Amount of the Securitized Bonds or any Tranche thereof have given any request, demand, authorization, direction, notice, consent or waiver hereunder or under any Basic Document, Securitized Bonds owned by the Issuer, any other obligor upon the Securitized Bonds, the Member, the Seller, the Member Servicers, the Master Servicer, or any Affiliate of any of the foregoing Persons shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Indenture Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securitized Bonds that the Indenture Trustee actually knows to be so owned shall be so disregarded. Securitized Bonds so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Indenture Trustee the pledgee's right so to act with respect to such Securitized Bonds and that the pledgee is not the Issuer, any other obligor upon the Securitized Bonds, the Member, the Seller, the Member Servicers, the Master Servicer, or any Affiliate of any of the foregoing Persons.

“Outstanding Amount” means the aggregate principal amount of all Securitized Bonds or, if the context requires, all Securitized Bonds of a Tranche, Outstanding at the date of determination.

“Over-Collections” means the total amount of SC Collections each Member Servicer has remitted to the Collection Account less the amount of Target SC Collections for such Member Servicer.

“Participating Member” is defined in the Financing Order.

“Paying Agent” means with respect to the Indenture, the Indenture Trustee and any other Person appointed as a paying agent for the Securitized Bonds pursuant to the Indenture.

“Payment Date” means, with respect to any Tranche of Securitized Bonds, the dates specified in the Series Supplement; provided that if any such date is not a Business Day, the Payment Date shall be the Business Day immediately succeeding such date.

“PCOU Adjusted Periodic Payment Requirement” means the sum of (i) the aggregate Periodic Collection Over-Under for all the Service Areas, and (ii) the Periodic Payment Requirement.

“Periodic Billing Requirement” means, with respect to each Service Area, the product of (i) the Net Periodic Payment Requirement for a Service Area, and (ii) the quotient of (x) and (y), where (x) equals one (1), and (y) equals one (1) minus Total Estimated Write-Offs for such Service Area for the applicable Calculation Period (line (e) or line (f), as applicable, in the most recent Servicer's Certificate of Projections and Estimates delivered to the Master Servicer for such Service Area).

“Periodic Collection Over-Under” means the amount by which Actual SC Collections during the most recent Twelve Month Calculation Period for a Service Area exceeded the Periodic Billing Requirement for such Service area during the previous 12 month period.

“Periodic Interest” means, with respect to any Payment Date, the periodic interest for such Payment Date as specified in the Series Supplement.

“Periodic Payment Requirement” for any Calculation Period means the total dollar amount of SC Collections reasonably calculated by the Master Servicer in accordance with Section 4.01 of the Master Servicing Agreement as necessary to be received during such period (after giving effect to fifty percent of the allocation and distribution of amounts on deposit in the Excess Funds Subaccount at the time of calculation) in order to ensure that, as of the last Payment Date occurring in such Calculation Period, (1) all accrued and unpaid interest on the Securitized Bonds then due shall have been paid in full on a timely basis, (2) the Outstanding Amount of the Securitized Bonds is equal to the Projected Unrecovered Balance on each Payment Date during such Calculation Period, and (3) all other fees and expenses due and owing and required or allowed to be paid under Section 8.02 of the Indenture as of such date shall have been paid in full; provided that, with respect to True-Up Adjustments occurring after the last Scheduled Final Payment Date for any Securitized Bonds, the Periodic Payment Requirement shall be calculated to ensure that sufficient Securitized Charges will be collected to retire such Securitized Bonds and pay all Operating Expenses in full as of the earlier of (x) the Payment Date preceding the next Scheduled Adjustment Date and (y) the Final Maturity Date for such Securitized Bonds.

“Periodic Principal” means, with respect to any Payment Date, the excess, if any, of the Outstanding Amount of the Securitized Bonds over the outstanding Projected Unrecovered Balance specified for such Payment Date on the Expected Amortization Schedule.

“Permitted Lien” means the Lien created by the Indenture.

“Permitted Successor” is defined in Section 5.02 of each of the Sale Agreements.

“Person” means any individual, corporation, limited liability company, limited liability partnership, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or government or any agency or political subdivision thereof.

“Predecessor Securitized Bond” means, with respect to any particular Securitized Bond, every previous Securitized Bond evidencing all or a portion of the same debt as that evidenced by such particular Securitized Bond, and, for the purpose of this definition, any Securitized Bond authenticated and delivered under Section 2.06 of the Indenture in lieu of a mutilated, lost, destroyed or stolen Securitized Bond shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Securitized Bond.

“Proceeding” means any suit in equity, action at law or other judicial or administrative proceeding.

“Projected Unrecovered Balance” means, as of any Payment Date, the sum of the projected outstanding principal amount of each Tranche of Securitized Bonds for such Payment Date set forth in the Expected Amortization Schedule.

“Protected Purchaser” has the meaning specified in Section 8-303 of the UCC.

“QIB” means qualified institutional buyer within the meaning of Rule 144A.

“Qualified Costs” means all qualified costs as defined in Section 41.151(b)(7) of the Financing Act.

“Rating Agency”, with respect to any Tranche of Securitized Bonds, means Moody’s or its successor.

“Rating Agency Condition” means, with respect to any action, not less than ten (10) Business Days’ prior written notification to the Rating Agency of such action, and written confirmation from such Rating Agency to the Member Servicers, the Master Servicer, the Indenture Trustee and the Issuer that such action will not result in a suspension, reduction or withdrawal of the then current rating by such Rating Agency of any Tranche of Securitized Bonds; provided, that if within such ten (10) Business Day period, such Rating Agency has neither replied to such notification nor responded in a manner that indicates that such Rating Agency is reviewing and considering the notification, then (i) the Issuer shall be required to confirm that such Rating Agency has received the Rating Agency Condition request, and if it has, promptly request the related Rating Agency Condition confirmation and (ii) if the Rating Agency neither replies to such notification nor responds in a manner that indicates it is reviewing and considering the notification within five (5) Business Days following such second (2nd) request, the applicable Rating Agency Condition requirement shall not be deemed to apply to such Rating Agency. For the purposes of this definition, any confirmation, request, acknowledgment or approval that is required to be in writing may be in the form of electronic mail or a press release (which may contain a general waiver of a Rating Agency’s right to review or consent).

“Reconciliation Period” means, with respect to any period of calculation, the six-month period that begins on the first Servicer Business Date following each June 30 and December 31 of any year prior to the Retirement of the Securitized Bonds; provided, however, that a shorter Reconciliation Period may be established pursuant to Section 8.01 of each of the Servicing Agreements.

“Record Date” means, with respect to a Payment Date, in the case of Definitive Securitized Bonds, the close of business on the last day of the calendar month preceding the calendar month in which such Payment Date occurs, and in the case of Book-Entry Securitized Bonds, the close of business one Business Day prior to the applicable Payment Date.

“Recovery Amount” means the amount required to be deposited in the Capital Subaccount and any other reserve account held by the Indenture Trustee under the Indenture in order to prevent an Event of Default under the terms of the Indenture.

“Registered Holder” means the Person in whose name a Securitized Bond is registered on the Securitized Bond Register.

“Regulation S” means Regulation S under the Securities Act, as amended.

“Regulation S Permanent Securitized Bond” means the permanent Global Securitized Bond, which is deposited with and registered in the name of the Securities Depository or its nominee, representing the Securitized Bonds sold in reliance on Regulation S.

“Regulation S Securitized Bond” means a Regulation S Temporary Securitized Bond or a Regulation S Permanent Securitized Bond.

“Regulation S Temporary Securitized Bond” means the temporary Global Securitized Bond, which is deposited with and registered in the name of the Securities Depository or its nominee, representing the Securitized Bonds sold in reliance on Regulation S.

“Remittance Requirement” means, with respect to any Third-Party Collector, the requirement that such Third-Party Collector remit Securitized Charges to the applicable Member Servicer within a prescribed number of days of billing by such Member Servicer in accordance with, if applicable, the Financing Order, Tariffs, other tariffs and any other applicable regulations imposed under the laws of the State of Texas.

“Remittance Shortfall” means the amount, if any, calculated for a particular Reconciliation Period, by which Actual SC Collections received by a Member Servicer during such Reconciliation Period exceed Estimated SC Collections remitted to the Collection Account by such Member Servicer during the Reconciliation Period.

“REP” means a retail electric provider as defined in Section 31.002(17) of the Utilities Code and shall include any REP that acts as the provider of last resort.

“Required Capital Level” means an amount equal to 0.50% of the initial principal amount of the Securitized Bonds, or such other amount as may be permitted or required under the Financing Order and applicable Internal Revenue Service rulings, deposited into the Capital Subaccount by the Issuer, using funds provided by or on behalf of the Participating Members for this purpose in proportion to their respective Allocation Factors, prior to or upon the issuance of the Securitized Bonds.

“Requirement of Law” means any foreign, federal, state or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law.

“Responsible Officer” means with respect to (a) the Issuer, any Manager or any duly authorized officer; (b) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, Assistant Vice President, Secretary or Assistant Treasurer, Trust Officer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer’s knowledge and familiarity with the particular subject); (c) any corporation (other than the Indenture Trustee), the Chief Executive Officer, the President, any Vice President, the Chief Financial Officer, the Treasurer, the Assistant Treasurer or any other duly authorized officer



of such Person who has been authorized to act in the circumstances; (d) any partnership, any general partner thereof; and (e) any other Person (other than an individual or the Indenture Trustee), any duly authorized officer or member of such Person, as the context may require, who is authorized to act in matters relating to such Person.

“Retirement of the Securitized Bonds” means any day on which the final distribution is made by the Indenture Trustee in respect of the last Outstanding Securitized Bonds and all Operating Expenses have been paid.

“Rule 144A” means Rule 144A under the Securities Act, as amended.

“Rule 144A Securitized Bond” means the permanent Global Securitized Bond, which is deposited with and registered in the name of the Securities Depository, or its nominee, representing the Securitized Bonds sold in reliance on Rule 144A.

“Sale Agreement” means each Securitized Property Purchase and Sale Agreement, dated as of [\_\_\_\_], 2022, by and between each Participating Member and the Issuer, as each of the same may be amended, restated, supplemented or otherwise modified from time to time.

“SC Collections” means Securitized Charges received by the Member Servicers to be remitted to the Collection Account.

“SC Customer Class” means each Customer class identified as a separate rate class in the Tariff.

“SC Payments” means the payments made by Customers based on the Securitized Charges.

“Scheduled Adjustment” means a True-Up Adjustment that occurs on a Scheduled Adjustment Date.

“Scheduled Adjustment Date” means, prior to the last Scheduled Final Payment Date, the first day of the Member Servicer’s billing cycle following each June 30 and December 31, commencing on [December 31, 2022], and, after the last Scheduled Final Payment Date, the first day of the Member’s Servicer’s billing cycle following each June 30, September 30, December 31 and March 31.

“Scheduled Final Payment Date” means with respect to each Tranche of Securitized Bonds, the date when all interest and principal is scheduled to be paid with respect to that Tranche in accordance with the Expected Amortization Schedule, as specified in the Series Supplement. For the avoidance of doubt, the Scheduled Final Payment Date with respect to any Tranche shall be the last Scheduled Payment Date set forth in the Expected Amortization Schedule relating to such Tranche. The “last Scheduled Final Payment Date” means the Scheduled Final Payment Date of the last maturing Tranche of Securitized Bonds.

“Scheduled Payment Date” is defined in the Series Supplement with respect to each Tranche of Securitized Bonds.

“SEC” means the U.S. Securities and Exchange Commission.

“Secretary of State” means the Secretary of State of the State of Delaware or the Secretary of State of the State of Texas, as the case may be, or any Governmental Authority succeeding to the duties of such offices.

“Secured Obligations” is defined in the Series Supplement.

“Secured Parties” means, with respect to the Securitized Bonds, the Indenture Trustee, the relevant Bondholders and any credit enhancer described in the Series Supplement.

“Securities Account” means the Collection Account (to the extent it constitutes a securities account as defined in the NY UCC and Federal Book-Entry Regulations).

“Securities Act” means the Securities Act of 1933, as amended.

“Securities Depository” means an organization registered as a Securities Depository pursuant to Section 17A of the Exchange Act.

“Securities Intermediary” means [\_\_\_\_\_], solely in the capacity of a “securities intermediary” as defined in the NY UCC and Federal Book-Entry Regulations or any successor securities intermediary under the Indenture.

“Securitized Bond Collateral” has the meaning specified in the preamble of the Indenture.

“Securitized Bond Interest Rate” means, with respect to any Tranche of Securitized Bonds, the rate at which interest accrues on the Securitized Bonds of such Tranche, as specified in the Series Supplement.

“Securitized Bond Register” means the register maintained pursuant to Section 2.11 of the Indenture, providing for the registration of the Securitized Bonds and transfers and exchanges thereof.

“Securitized Bond Registrar” means the registrar at any time of the Securitized Bond Register, appointed pursuant to Section 2.11 of the Indenture.

“Securitized Bonds” means the Securitized Bonds authorized by the Financing Order and issued under the Indenture.

“Securitized Charge” means any securitized charges as defined in Section 41.151(b)(10) of the Financing Act, which is authorized by the Financing Order, including any Termination Fee imposed in accordance with the Financing Order.

“Securitized Charge Calculation Certificate” is defined in Section 4.01 of each Servicing Agreements.

“Securitized Charge True-Up Letter” is defined in Section 4.01 of the Master Servicing Agreement.

“Securitized Property” means all securitized property as defined in Section 41.151(b)(11) of the Financing Act created pursuant to the Financing Order and sold or otherwise conveyed to the Issuer under the Sale Agreements, including the right to impose, collect and receive the Securitized Charges authorized in the Financing Order. As used in the Basic Documents, the term “Securitized Property” when used with respect to each of the Participating Members includes the contract rights of each Participating Member with respect to its Member Securitized Property that exist prior to the time that such rights are first transferred in connection with the issuance of the Securitized Bonds, at which time they become securitized property in accordance with Section 41.153 of the Financing Act.

“Securitized Property Notices” means securitized property notices filed with the Secretary of State of the State of Texas pursuant to Section 41.159 of the Financing Act.

“Securitized Property Records” is defined in Section 5.01 of the Servicing Agreements.

“Security Entitlement” means “security entitlement” (as defined in Section 8-102(a)(17) of the NY UCC) with respect to Financial Assets now or hereafter credited to the Securities Account and, with respect to Federal Book-Entry Regulations, with respect to Federal Book-Entry Securities now or hereafter credited to the Securities Account, as applicable.

“Seller” is defined in the Preamble to each of the Sale Agreements.

“Semi-Annual Master Servicer’s Certificate” means a certificate, substantially in the form of Exhibit C to the Master Servicing Agreement, completed and executed by a Responsible Officer of the Master Servicer pursuant to Section 4.04(b) of the Master Servicing Agreement.

“Series Supplement” means an indenture supplemental to the Indenture that authorizes the issuance of the Securitized Bonds, a form of which is attached as Exhibit B to the Indenture.

“Service Area” means the certificated service area of each Participating Member as it existed on the date of enactment of the Financing Act.

“Servicer Business Day” means any day other than a Saturday, Sunday or holiday on which the Member Servicers maintain normal office hours and conducts business.

“Servicer Default” is defined in Section 7.01 of each of the Servicing Agreements.

“Servicing Agreement” means each Securitized Property Servicing Agreement, dated as of [\_\_\_\_], 2022, by and between the Issuer and each Member Servicer, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Servicing Fee” means all the fees payable to each Member Servicer on each Payment Date for services rendered during the period from, but not including, the preceding Payment Date (or from the Closing Date in the case of the first Payment Date) to and including the current Payment Date, determined pursuant to Section 6.06 of each of the Servicing Agreements.

“Servicing Standard” means, with respect to the Master Servicer, the obligation of the Master Servicer to calculate and reconcile, and with respect to each Member Servicer, the obligation of the Member Servicer to apply and remit the, proceeds of the Securitized Property, including SC Payments, and all other Securitized Bond Collateral for the benefit of the Issuer and the Holders (i) with the same degree of care and diligence as the Master Servicer or the Member Servicer, as applicable, applies with respect to payments owed to it for its own account, (ii) in accordance with all applicable procedures and requirements established by the applicable Participating Member for collection of electric utility tariffs and (iii) in accordance with the other terms of the Master Servicing Agreement and the Servicing Agreements.

“Six Month Calculation Period” means the period comprised of the six (6) succeeding Collection Periods beginning with the Collection Period in which a True-Up Adjustment would go into effect.

“Special Payment” means with respect to any Tranche of Securitized Bonds, any payment of principal of or interest on (including any interest accruing upon default), or any other amount in respect of, the Securitized Bonds of such Tranche that is not actually paid within five (5) days of the Payment Date applicable thereto.

“Special Payment Date” means the date on which a Special Payment is to be made by the Indenture Trustee to the Holders.

“Special Record Date” means with respect to any Special Payment Date, the close of business on the fifteenth (15<sup>th</sup>) day (whether or not a Business Day) preceding such Special Payment Date.

“State” means any one of the fifty states of the United States of America or the District of Columbia.

“State Pledge” means the pledge of the State of Texas as set forth in Section 41.160 of the Financing Act.

“Subaccounts” is defined in Section 8.02(a) of the Indenture.

“Successor Master Servicer” is defined in Section 3.07(e) of the Indenture.

“Successor Servicer” is defined in Section 3.07(e) of the Indenture.

“Target SC Collections” means, with respect to each Member Servicer, the product of the total amount of SC Collections deposited by all Member Servicers on any date of calculation and the Allocation Factor with respect to such Member Servicer.

“Tariff” means any rate tariff adopted by a Participating Member pursuant to the Financing Act and the Financing Order to evidence the Securitized Charges.

“Temporary Securitized Bonds” means Securitized Bonds executed by the Issuer, and upon the receipt of an Issuer Order, authenticated and delivered by the Indenture Trustee pending the preparation of Definitive Securitized Bonds pursuant to Section 2.04 of the Indenture.

“Termination Fee” is defined in the Financing Order.

“Termination Notice” is defined in Section 7.01 of the Servicing Agreement.

“Texas UCC” means the Uniform Commercial Code as in effect on the date hereof in the State of Texas.

“Third-Party Collector” means each third party, including any REP, which, pursuant to any Tariff, any other tariffs adopted by a Participating Members, or any agreement with the Issuer, Brazos or any Participating Member, is obligated to bill, pay or collect electric charges for a Participating Member.

“Total Adjusted PPR” means the sum of (i) the PCOU Adjusted Periodic Payment Requirement, and (ii) the balance in the Excess Fund Subaccount held under the Indenture multiplied by negative one.

“Tranche” means, with respect to the Securitized Bonds, any one of the tranches of the Securitized Bonds.

“Treasury Regulations” means the regulations, including proposed or temporary regulations, promulgated under the Code. References herein to specific provisions of proposed or temporary regulations shall include analogous provisions of final Treasury Regulations or other successor Treasury Regulations.

“True-Up Adjustment” means any Scheduled Adjustment or Interim Adjustment, as the case may be.

“True-Up Letter” has the meaning set forth in Section 4.01 of the Master Servicing Agreement.

“Twelve Month Calculation Period” means the period comprised of the twelve (12) succeeding Collection Periods beginning with the Collection Period in which a True-Up Adjustment would go into effect.

“UCC” means, unless the context otherwise requires, the Uniform Commercial Code, as in effect in the relevant jurisdiction, as amended from time to time.

“Under-Collections” means the amount of Target SC Collections for each Member Servicer less the total amount of SC Collections such Member Servicer has remitted to the Collection Account.

“Unrecovered Balance” means, as of any Payment Date, the sum of the Outstanding Amount of the Securitized Bonds less the amount in the Excess Funds Subaccount available to make principal payments on the Securitized Bonds.

“U.S. Government Obligations” means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable at the option of the issuer thereof.

“Utilities Code” means the Texas Utilities Code, as amended from time to time.

**EXHIBIT H**  
**FORM OF MASTER SERVICING AGREEMENT**

**SECURITIZED PROPERTY MASTER SERVICING AGREEMENT**

**by and between**

**BRAZOS SECURITIZATION LLC,**

**as Issuer**

**and**

**BRAZOS ELECTRIC POWER COOPERATIVE, INC.,**

**as Master Servicer**

**Dated as of [\_\_\_\_\_], 2022**



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## EXHIBITS AND SCHEDULES

Exhibit A	Form of Annual Master Servicing Criteria Compliance Certificate
Exhibit B	Form of Securitized Charge True Up Letter
Exhibit C	Form of Semi-Annual Master Servicer's Certificate
Schedule 4.01(a)	Expected Amortization Schedule
Schedule 4.01(b)	Initial Securitized Charges Schedule

This SECURITIZED PROPERTY MASTER SERVICING AGREEMENT (this “Agreement”), dated as of [\_\_\_\_\_], 2022, is between BRAZOS SECURITIZATION LLC, a Delaware limited liability company, as issuer (the “Issuer”), and BRAZOS ELECTRIC POWER COOPERATIVE, INC. (in its own individual capacity, “Brazos”), a Texas corporation, as master servicer (in such capacity, the “Master Servicer”).

## RECITALS

WHEREAS, [\_\_\_\_\_];<sup>1</sup>

WHEREAS, each of the Participating Members identified in the Financing Order (each a “Member Servicer” and, collectively, the “Member Servicers”) have entered into a Servicing Agreement with the Issuer pursuant to which each Member Servicer has agreed to service the Securitized Property sold by each such Member to the Issuer;

WHEREAS, the Issuer has pledged the Securitized Property to the payment of the Securitized Bonds pursuant to the terms of the Indenture to secure payment of such bonds;

WHEREAS, the Issuer and each Participating Member desire to have the Master Servicer perform certain of the duties of the Issuer under the Financing Order, the Indenture, the Servicing Agreements and the Issuer’s organizational documents, including without limitation, participation in the procedures required to determine and adjust, from time to time, the Securitized Charges to be imposed and collected by each Participating Member under the related Servicing Agreement;

WHEREAS, each Member Servicer has undertaken in the Servicing Agreements to cooperate and coordinate with the Master Servicer to ensure that the Master Servicer can perform its obligations under the terms of this Agreement to the Issuer and the Indenture Trustee and thus ensure the timely payment of the Securitized Bonds;

WHEREAS, the Master Servicer has the capacity to provide the services and the facilities required thereby and is willing to perform such services and provide such facilities for the Issuer on the terms set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

## ARTICLE I DEFINITIONS

### SECTION 1.01. Definitions.

(a) Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to them in that certain Indenture (including Appendix A thereto) dated as of the date hereof between the Issuer and [\_\_\_\_\_], in its capacity as the indenture trustee

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<sup>1</sup> NTD: To be updated with respect to the Sale Agreements entered into by each of the Participating Members and other background information.

(the “Indenture Trustee”) and in its separate capacity as a securities intermediary (the “Securities Intermediary”), as the same may be amended, restated, supplemented or otherwise modified from time to time.

(b) All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(c) The words “hereof,” “herein,” “hereunder” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement; Section, Schedule, Exhibit, Annex and Attachment references contained in this Agreement are references to Sections, Schedules, Exhibits, Annexes and Attachments in or to this Agreement unless otherwise specified; and the term “including” shall mean “including without limitation.”

(d) The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms.

(e) Non-capitalized terms used herein which are defined in the Utilities Code shall, as the context requires, have the meanings assigned to such terms in the Utilities Code, but without giving effect to amendments to the Utilities Code after the date hereof which have a material adverse effect on the Issuer or the Holders.

## ARTICLE II APPOINTMENT AND AUTHORIZATION

SECTION 2.01. Appointment of Master Servicer; Acceptance of Appointment. The Issuer hereby appoints the Master Servicer, and the Master Servicer, as an independent contractor, hereby accepts such appointment, to perform the Master Servicer’s obligations pursuant to this Agreement on behalf of and for the benefit of the Issuer or any assignee thereof in accordance with the terms of this Agreement and applicable law. This appointment and the Master Servicer’s acceptance thereof may not be revoked except in accordance with the express terms of this Agreement.

SECTION 2.02. Authorization. With respect to all or any portion of the Securitized Property, the Master Servicer shall be, and hereby is, authorized and empowered by the Issuer to (a) execute and deliver, on behalf of itself and/or the Issuer, as the case may be, any and all instruments, documents or notices, and (b) on behalf of itself and/or the Issuer, as the case may be, participate in proceedings of any kind with any Governmental Authority. The Issuer shall execute and deliver to the Master Servicer such documents as have been prepared by the Master Servicer for execution by the Issuer and the Issuer and each Member Servicer shall furnish the Master Servicer with such other documents as may be in the Issuer’s or the Member Servicer’s respective possession, in each case as the Master Servicer may determine to be necessary or appropriate to enable it to carry out its servicing and administrative duties hereunder. Upon the Master Servicer’s written request, the Issuer shall furnish the Master Servicer with any powers of attorney or other documents necessary or appropriate to enable the Master Servicer to carry out its duties hereunder.

SECTION 2.03. Dominion and Control Over the Securitized Property. Notwithstanding any other provision herein, the Issuer shall have dominion and control over the Securitized Property, and the Master Servicer, in accordance with the terms hereof, is acting solely as the servicing agent and custodian for the Issuer with respect to the Securitized Property and the Securitized Property Records. The Master Servicer shall not take any action that is not authorized by this Agreement, that would contravene the Act, the Utilities Code or the Financing Order, that is not consistent with its customary procedures and practices, or that shall impair the rights of the Issuer in the Securitized Property, in each case unless such action is required by applicable law or court or regulatory order.

ARTICLE III  
ROLE OF MASTER SERVICER

SECTION 3.01. Duties of Master Servicer. The Master Servicer, as agent for the Issuer, shall have the following duties:

(a) Duties of Master Servicer Generally. The Master Servicer's duties in general shall include management, servicing and administration of the Securitized Property; furnishing periodic reports to the Issuer, the Indenture Trustee and the Rating Agency; taking all necessary action to implement the True-Up Adjustments as set forth herein; and performing such other duties as may be specified under the Financing Order to be performed by it.

(b) Reporting Functions.

(i) Notification of Laws and Regulations. The Master Servicer shall immediately notify the Issuer, the Indenture Trustee and the Rating Agency in writing of any Requirements of Law hereafter promulgated that have a material adverse effect on the Master Servicer's ability to perform its duties under this Agreement.

(ii) Preparation of Reports. The Master Servicer shall prepare and deliver such additional reports as required under this Agreement, including a copy of each Semi-Annual Master Servicer's Certificate described in Section 4.04. In addition, the Master Servicer shall prepare, procure, deliver and/or file, or cause to be prepared, procured, delivered or filed, any reports, attestations, exhibits, certificates or other documents required to be delivered or filed with any Governmental Authority by the Issuer under the federal securities or other applicable laws or in accordance with the Basic Documents.

(iii) Other Information. Upon Master Servicer's receipt of the reasonable request of the Issuer, the Indenture Trustee or the Rating Agency, the Master Servicer shall provide to the Issuer, the Indenture Trustee or such Rating Agency, as the case may be, any public financial information in respect of the Master Servicer, or any material information regarding the Securitized Property to the extent it is reasonably available to the Master Servicer, as may be reasonably necessary and permitted by law to enable the Issuer, the Indenture Trustee or the Rating Agency to monitor the performance by the Master Servicer hereunder. In addition, so long as any of the Securitized Bonds are outstanding, the Master Servicer shall provide the Issuer and the Indenture Trustee, within a reasonable time after written request therefor, any

information available to the Master Servicer or reasonably obtainable by it that is necessary to calculate the Securitized Charges applicable to Customers.

(c) Back-Up Servicer. The Master Servicer hereby agrees that in the event that any Member Servicer, or a successor or assign of such Member Servicer under the terms of the applicable Servicing Agreement, shall be terminated as Member Servicer, pursuant to Section 7.01 of such Servicing Agreement, the Master Servicer will negotiate in good faith with the Indenture Trustee to be appointed as the Successor Member Servicer under such Servicing Agreement, to the extent practicable and permissible under applicable law, on terms that meet the requirements of Section 7.02 of such Servicing Agreement.

(d) Management Services. The Master Servicer hereby agrees to provide the following corporate management services to the Issuer and, as applicable, to cause third parties to provide professional services required for or contemplated by such services in accordance with the provisions of this Agreement:

(i) furnish or cause to furnish the Issuer with ordinary clerical, bookkeeping and other corporate administrative services necessary and appropriate for the Issuer, including, without limitation, the following services:

(A) maintain or cause to maintain at the Premises (as defined below) general accounting records of the Issuer (the "Account Records"), subject to year-end audit, in accordance with generally accepted accounting principles, separate and apart from its own accounting records, prepare or cause to be prepared such quarterly and annual financial statements as may be necessary or appropriate and arrange for year-end audits of the Issuer's financial statements by the Issuer's independent accountants;

(B) prepare or cause to be prepared for execution by the Issuer and file or cause to be filed such income, franchise or other tax returns of the Issuer as shall be required to be filed by applicable law (the "Tax Returns") and cause to be paid on behalf of the Issuer from the Issuer's funds any taxes required to be paid by the Issuer under applicable law;

(C) prepare or cause to be prepared for execution by the Issuer's Managers minutes of the meetings of the Issuer's Managers and such other documents deemed appropriate by the Issuer to maintain the separate limited liability company existence and good standing of the Issuer (the "Company Minutes") or otherwise required under the Basic Documents (together with the Account Records, the Tax Returns, the Company Minutes, the LLC Agreement, and the Certificate of Formation, the "Issuer Documents"); and any other documents deliverable by the Issuer thereunder or in connection therewith; and

(D) hold, maintain and preserve at the Premises (or such other place as shall be required by any of the Basic Documents) executed copies (to the extent applicable) of the Issuer Documents and other documents executed by the Issuer thereunder or in connection therewith;

(i) take such actions on behalf of the Issuer, as are necessary or desirable for the Issuer to keep in full effect its existence, rights and franchises as a limited liability company under the laws of the state of Delaware and obtain and preserve its qualification to do business in each jurisdiction in which it becomes necessary to be so qualified;

(ii) take such actions on the behalf of the Issuer as are necessary for the issuance and delivery of the Securitized Bonds;

(iii) provide for the performance by the Issuer of its obligations under each of the Basic Documents, and prepare, or cause to be prepared, all documents, reports, filings, instruments, notices, certificates and opinions that it shall be the duty of the Issuer to prepare, file or deliver pursuant to the Basic Documents;

(iv) to the full extent allowable under applicable law, enforce each of the rights of the Issuer under the Basic Documents, at the direction of the Indenture Trustee;

(v) provide for the defense, at the direction of the Issuer's Managers, of any action, suit or proceeding brought against the Issuer or affecting the Issuer or any of its assets;

(vi) provide office space (the "Premises") for the Issuer and such reasonable ancillary services as are necessary to carry out the obligations of the Master Servicer hereunder, including telecopying, duplicating and word processing services;

(vii) undertake such other administrative services as may be appropriate, necessary or requested by the Issuer; and

(viii) provide such other services as are incidental to the foregoing or as the Issuer and the Master Servicer may reasonably agree.

In providing the services under this Section 3.01(d) and as otherwise provided under this Agreement, the Master Servicer will not knowingly take any actions on behalf of the Issuer which (i) the Issuer is prohibited from taking under the Basic Documents, or (ii) would cause the Issuer to be in violation of any federal, state or local law or the LLC Agreement. In performing its duties hereunder, the Master Servicer shall use the same degree of care and diligence that the Master Servicer exercises with respect to performing such duties for its own account and, if applicable, for others.

SECTION 3.02. Master Servicing and Maintenance Standards. On behalf of the Issuer, the Master Servicer shall (a) prepare and file all True-Up Adjustments on a timely basis to ensure the timely payment of the Securitized Bonds; (b) use all reasonable efforts to enforce the provisions of the Financing Order and compliance by each Member Servicer with its obligations under each Servicing Agreement and the collection of the Securitized Charges, in accordance with and as further set forth in Section 4.03; (c) take all legal action necessary to protect the validity of the Act or the Financing Order against any legal challenge to its validity or enforceability in accordance with and as further set forth in Section 4.03; (d) maintain rights in respect of the Securitized Property; (e) file all notices described in the Financing Act and the Financing Order and file and maintain the effectiveness of UCC financing statements with respect



to the property transferred from time to time under the Sale Agreements, and (f) file all filings and take such other actions on behalf of the Issuer to ensure that the Lien of the Indenture Trustee on the Securitized Bond Collateral remains perfected and of first priority.

SECTION 3.03. Annual Reports on Compliance. (a) The Master Servicer shall deliver to the Issuer, the Indenture Trustee, the Member Servicers and the Rating Agency, on or before March 31 of each year, beginning March 31, [2023] to and including March 31 succeeding the Retirement of the Securitized Bonds, a certificate from a Responsible Officer of the Master Servicer, in the form attached hereto as Exhibit A (the “Annual Master Servicing Criteria Compliance Certificate”), containing, and certifying as to, the statements of compliance with the applicable criteria identified in such Exhibit A, and stating that: (i) a review of the activities of the Master Servicer during the preceding calendar year (or relevant portion thereof in the case of the first certificate of a Responsible Officer) and of its performance under this Agreement has been made under such officer’s supervision, and (ii) to the best of such officer’s knowledge, after reasonable inquiry, based on such review, the Master Servicer has fulfilled all its obligations under this Agreement throughout the period or, if there has been a default in the fulfillment of any such obligation, describing each such default and its status.

(b) The Master Servicer shall cause a firm of independent certified public accountants (which may also provide other services to the Master Servicer) to prepare, and the Master Servicer shall deliver to the Issuer, the Member Servicers, and the Indenture Trustee, on or before March 31 of each year, beginning March 31, [2023] to and including the March 31 succeeding the Retirement of the Securitized Bonds, a report addressed to the Master Servicer (the “Master Servicer’s Annual Accountant’s Attestation Report”), which may be included as part of the Master Servicer’s customary auditing activities and attached as part of the Annual Master Servicing Criteria Compliance Certificate, identifying any material instances of noncompliance with the criteria identified in the Annual Master Servicing Criteria Compliance Certificate during the period covered by such certificate. In the event such accounting firm requires the Indenture Trustee or the Issuer to agree or consent to the procedures performed by such firm, the Issuer shall direct the Indenture Trustee in writing to so agree; it being understood and agreed that the Indenture Trustee will deliver such letter of agreement or consent in conclusive reliance upon the direction of the Issuer, and the Indenture Trustee will not make any independent inquiry or investigation as to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures. The Master Servicer’s Annual Accountant’s Attestation Report shall also indicate that the accounting firm providing such report is independent of the Master Servicer within the meaning of the standards of the Public Company Accounting Oversight Board. The Master Servicer’s Annual Accountant’s Attestation Report shall also indicate that the accounting firm providing such report is independent of the Master Servicer within the meaning of the Code of Professional Ethics of the American Institute of Certified Public Accountants. The costs of the Annual Accountant’s Attestation Report paid by the Master Servicer shall be reimbursable as an Ongoing Financing Cost of the Issuer from amounts available under Section 8.02(e) of the Indenture. The Master Servicer’s obligations pursuant to this Section 3.03(b) shall survive and continue notwithstanding that payment of such Ongoing Financing Costs may be delayed pursuant to the terms of the Indenture (it being understood that the Master Servicer may be required initially to advance its own funds to satisfy its obligations hereunder), and then shall later be reimbursed for such advance as provided in the immediately preceding sentence.

SECTION 3.04. Monitoring of Third-Party Collectors. If a Third-Party Collector does bill or collect Securitized Charges on behalf of the Issuer, then, from time to time, until the Retirement of the Securitized Bonds, the Master Servicer shall, in accordance with the Servicing Standard, take all actions, or cause the Member Servicer to take all actions, with respect to such Third-Party Collectors required to be taken by the Master Servicer as set forth, if applicable, in any agreement with the Master Servicer, the Financing Order, the Tariffs, and other tariffs in effect from time to time and implement such additional procedures and policies as are necessary to ensure that the obligations of all Third-Party Collectors in connection with Securitized Charges are properly enforced in accordance with, if applicable, the terms of any agreement with the Master Servicer, the Financing Order, Tariffs, and other tariffs in effect from time to time. Such procedures and policies shall include all of the procedures and policies listed in Section 3.05 of each Servicing Agreement.

SECTION 3.05. Opinions of Counsel. The Master Servicer shall take commercially reasonable steps to cooperate with each Member Servicer to ensure the following Opinions of Counsel are delivered to the Issuer and the Indenture Trustee:

(a) promptly after the execution and delivery of each Member Servicing Agreement and of each amendment thereto, an Opinion of Counsel from external counsel of the Issuer either (A) to the effect that, in the opinion of such counsel, all filings, including filings with the Texas Secretary of State and all filings pursuant to the UCC, that are necessary under the UCC and the Financing Act to perfect or maintain, as applicable, the Liens of the Indenture Trustee in the applicable Member Securitized Property have been authorized, executed and filed, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (B) to the effect that, in the opinion of such counsel, no such action shall be necessary to preserve, protect and perfect such Liens; and

(b) within ninety (90) days after the beginning of each calendar year beginning with the first calendar year beginning more than three (3) months after the date hereof, an Opinion of Counsel from external counsel of the Issuer, dated as of a date during such ninety (90)-day period, either (A) to the effect that, in the opinion of such counsel, all filings, including filings with Texas Secretary of State and all filings pursuant to the UCC, have been executed and filed that are necessary under the UCC and the Financing Act to maintain the Liens of the Indenture Trustee in the Member Securitized Properties, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (B) to the effect that, in the opinion of such counsel, no such action shall be necessary to preserve, protect and perfect such Liens.

In working with the Member Servicers to meet its obligations under this Section 3.05, the Master Servicer shall seek to streamline the process for delivery of such opinions and minimize the legal fees to be reimbursed by the Issuer as Ongoing Financing Costs by, as deemed practicable by the Master Servicer, selecting the external counsel of the Issuer asked to render such opinions; provided, however, such counsel shall be reasonably acceptable to each Member Servicer. The reasonable legal fees, expenses or other costs incurred by the Master Servicer shall be reimbursable as an Ongoing Financing Cost of the Issuer from amounts available under Section 8.02(e) of the Indenture. The Master Servicer's obligations pursuant to this Section 3.05 shall survive and continue notwithstanding that payment of such Ongoing Financing Costs may be delayed pursuant

to the terms of the Indenture (it being understood that the Master Servicer may be required initially to advance its own funds to satisfy its obligations hereunder), and then shall later be reimbursed for such advance as provided in the immediately preceding sentence.

ARTICLE IV  
SERVICES RELATED TO BILLING AND TRUE-UP ADJUSTMENTS<sup>2</sup>

SECTION 4.01. Calculations For True-Up Adjustments. From time to time, until the Retirement of the Securitized Bonds and the payment of all other Ongoing Financing Costs, the Master Servicer, in accordance with the Adjustment Mechanism approved in the Financing Order, shall participate in the procedures required to calculate the Securitized Charges and any True-Up Adjustment as further described below:

(a) True-Up Letter. Notice of the initial Securitized Charges and all True-Up Adjustments shall be delivered by the Master Servicer to the Member Servicers by delivery of a letter, in the form attached hereto as Exhibit B-1 (each a “Securitized Charge True-Up Letter”). Each Securitized Charge True-Up Letter shall include calculation by the Master Servicer of each of the Master Servicer Calculations for a Service Area set forth in the schedule to the Securitized Charge True-Up Letter, which consist of: (1) the Periodic Collection Over-Under; (2) the Periodic Payment Requirement; (3) the PCOU Adjusted Periodic Payment Requirement; (4) the Recovery Amount; (5) the Total Adjusted PPR; (6) the Allocable Periodic Payment Requirement; (7) the Net Periodic Payment Requirement; (8) the Periodic Billing Requirement; and (9) the Securitized Charge. The Master Servicer Calculations for each such Service Areas shall be calculated by the Master Servicer using the information set forth in the Certificate of Projections and Estimates delivered by each Member Servicer for such True-Up Adjustment, in accordance with the requirements of the applicable Servicing Agreement.

(b) Initial Securitized Charges. The Master Servicer shall provide the Member Servicers notice of the initial Securitized Charge for the applicable Service Area in a True-Up Letter delivered to each Member Servicer not later than two (2) Servicer Business Days prior to the Closing Date. The initial Net Periodic Payment Requirement and Securitized Charge for each Service Area shall be derived from the information set forth on Schedule 4.01(b) attached hereto.

(c) Expected Amortization Schedule. The Expected Amortization Schedule for the Securitized Bonds is attached hereto as Schedule 4.01(a). If the Expected Amortization Schedule is revised, the Master Servicer shall send a copy of such revised Expected Amortization Schedule to the Issuer, the Indenture Trustee, each Member Servicer, and the Rating Agency promptly thereafter.

(d) Scheduled Adjustments. To implement each Scheduled Adjustment for Member Servicers, the Master Servicer shall take the following actions:

- (1) Not later than thirty (30) Servicer Business Days prior to each Scheduled Adjustment Date, the Master Servicer shall update the data and assumptions underlying the calculation of the Securitized Charge for applicable Member Servicers based upon information provided by each such Member Servicer in the Certificate of Projections and Estimates delivered by

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<sup>2</sup> NTD – True-Up Adjustment mechanics under continued review.

such Member Servicer to the Master Servicer in connection with such Scheduled Adjustment. If the Master Servicer has not received such information from the applicable Member Servicer at least ten (10) Servicer Business Days prior to such date, as required by each Servicing Agreement, the Master Servicer shall immediately notify the Member Servicer and demand such information.

- (2) Not later than ten (10) Servicer Business Days prior to each Scheduled Adjustment Date, the Master Servicer shall determine for the next Scheduled Adjustment each of the Master Servicer Calculations in accordance with Section 4.01(a)(i) of this Agreement.
- (3) Not later than ten (10) Servicer Business Days prior to each Scheduled Adjustment Date, the Master Servicer shall file with each such Member Servicer, a True-Up Letter, setting forth the calculation of the Securitized Charges to go into effect on the Scheduled Adjustment Date. Under the terms of the Servicing Agreements, within three (3) Servicer Business Days after receipt by each such Member Servicer of a True-Up Letter from the Master Servicer, the Member Servicer will review the calculations for computation or other manifest errors and notify the Master Servicer of any such errors. If any such corrections are identified by a Member Servicer, and agreed to by the Master Servicer, and can be implemented prior to the Scheduled Adjustment Date identified in the True-Up Letter, such corrections will be reflected in a revised True-Up Letter for such Scheduled Adjustment Date sent by the Master Servicer to the Member Servicer. If any such correction is agreed to by the Master Servicer but cannot be made prior to the Scheduled Adjustment Date for such True-Up Letter, such corrections will be reflected in the True-Up Letter for the next Scheduled Adjustment Date or any Interim Adjustment Date that occurs prior to the next Scheduled Adjustment Date, if applicable.

(e) Interim Adjustments. An Interim Adjustment to the Securitized Charge will be implemented if either (1) a Deficiency Event has occurred, pursuant to paragraph (i) below, or (2) a Member Servicer requests an Interim Adjustment, pursuant to paragraph (ii) or (iii) below:

(i) If a Deficiency Event shall have occurred, and a Scheduled Adjustment is not scheduled to occur in sixty (60) days or less, the Master Servicer shall within three (3) Servicer Business Days of such Deficiency Event, provide notice to each Member Servicer that a Deficiency Event has occurred and notice that an Interim Adjustment to the Securitized Charge will take place and request that Member Servicers provide the Master Servicer an updated Certificate of Projections and Estimates within ten (10) Servicer Business Days. Not later than fifteen (15) Servicer Business Days prior to the applicable Interim Adjustment Date, the Master Servicer shall determine each of the Master Servicer Calculations in accordance with Section 4.01(a) of this Agreement and shall file with each Member Servicer, a True-Up Letter, setting forth the required Master Servicer Calculations, as applicable, and stating an Adjustment Date that is ten days from the effective date of such True-Up Letter. The True-Up Letter shall provide an Adjustment Date that is four (4) Servicer Business Days from the date of such True-Up Letter.

(ii) If a Member Servicer requests in writing to the Master Servicer that the Securitized Charge for such Member Servicer's Service Area be increased and submits an updated Certificate of Projections and Estimates, the Master Servicer shall within three (3) Servicer Business Days of such request determine a revised Securitized Charge for such Service Area (using the Periodic Billing Requirement applied in the last True-Up Letter sent for such Service Area) and file with such Member Servicer a True-Up Letter setting forth the calculation of the increased Securitized Charge and stating an Adjustment Date that is four (4) Servicer Business Days from the date of such True-Up Letter.

(iii) With respect to paragraph (i) and (ii) above, under the terms of the Servicing Agreements, within three (3) Servicer Business Days after receipt by the Member Servicer of a True-Up Letter from the Master Servicer, the Member Servicer will review the calculations for computation or other manifest errors and notify the Master Servicer of any such errors. If any such corrections are identified by a Member Servicer, and agreed to by the Master Servicer, and can be implemented prior to the Interim Adjustment Date identified in the True-Up Letter, such corrections will be reflected in a revised True-Up Letter for such Interim Adjustment Date sent by the Master Servicer to the Member Servicer. If the Master Servicer agrees with any such correction but such correction cannot be made prior to the Interim Adjustment Date for such True-Up Letter, such correction will be reflected in the True-Up Letter for the next Scheduled Adjustment Date or any other Interim Adjustment Date that occurs prior to the next Scheduled Adjustment Date, if applicable. For avoidance of doubt, the Master Servicer shall not decrease the Securitized Charge in any Service Area pursuant to an Interim Adjustment and if, for any reason, any of the Master Servicer Calculations applied as part of an Interim Adjustment would result in a decrease in the Securitized Charge for a Service Area, the Securitized Charge for such Service Area shall not be adjusted.

SECTION 4.02. Billing of True-Up Adjustments. Pursuant to the Financing Order, any change to the Securitized Charge imposed through a True-Up Adjustment shall be incorporated by such Member Servicer in its Bills on the Adjustment Date set forth in the True-Up Letter delivered by the Master Servicer to each Member Servicer with respect to such Adjustment Date, and the Master Servicer shall confirm with each Member Servicer that such billing has commenced.

SECTION 4.03. Enforcement. The Master Servicer shall take, or direct the Member Servicers to take, all actions necessary, in its judgment, or as directed by the Indenture Trustee or Issuer, (a) to enforce the provisions of the Financing Order, the implementation of any True-Up Adjustment, the collection of Securitized Charges and compliance by each Member Servicer with its obligations under the respective Servicing Agreement, (b) to protect and preserve the Act or the Financing Order against any legal challenge to its validity or enforceability; and (c) to maintain rights in respect of the Securitized Property. The Master Servicer shall institute any action or proceeding, in accordance with Section 41.159 of the Financing Act, necessary to compel performance by the Member Servicers (at the earliest possible time) of any of their respective obligations or duties under the Financing Act and the Financing Order with respect to the Securitized Property, and the Master Servicer agrees to take such legal action, including without

limitation defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, as may be reasonably necessary in the view of the Master Servicer to block or overturn any attempts to cause a repeal of, modification of or supplement to the Financing Act or the Financing Order. In addition to the above, the Master Servicer shall institute any action or proceeding, in accordance with the Financing Act or as otherwise permitted by applicable law, necessary to compel performance by the State of Texas of any of its obligations or duties under the Financing Act or the Financing Order with respect to the Securitized Property, and to compel performance by each Member Servicer of any of their respective obligations or duties under the Financing Order or any agreement with the Member Servicer entered into pursuant to the Financing Order. In any proceedings related to the exercise of the power of eminent domain by any municipality to acquire a portion of any Participating Member's electric distribution facilities, the Master Servicer shall assert that the court ordering such condemnation must treat such municipality as a successor to such Participating Member under the Financing Act and the Financing Order. The reasonable legal fees, expenses or other costs paid by the Master Servicer shall be reimbursable as an Ongoing Financing Cost of the Issuer from amounts available under Section 8.02(e) of the Indenture. The Master Servicer's obligations pursuant to this Section 4.03 shall survive and continue notwithstanding that payment of such Ongoing Financing Costs may be delayed pursuant to the terms of the Indenture (it being understood that the Master Servicer may be required initially to advance its own funds to satisfy its obligations hereunder), and then shall later be reimbursed for such advance as provided in the immediately preceding sentence.

#### SECTION 4.04. Reports.

(a) Notification of Amendatory Tariff Filings and True-Up Adjustments. Whenever the Master Servicer files a True-Up Letter with any Member Servicer, the Master Servicer shall send a copy of such True-Up Letter to the Issuer, the Indenture Trustee, and the Rating Agency concurrently therewith. If, for any reason any True-Up Adjustment to the Securitized Charges is not implemented by any Member Servicer and effective on the applicable date set forth therein, the Master Servicer shall notify the Issuer, the Indenture Trustee and the Rating Agency by the end of the second (2<sup>nd</sup>) Servicer Business Day after the Master Servicer obtains knowledge of the failure to implement or ineffectiveness of such True-Up Adjustment.

(b) Semi-Annual Servicer's Certificate. Not later than five (5) Servicer Business Days prior to each Payment Date or Special Payment Date, the Master Servicer shall deliver a written report for the Securitized Bonds, substantially in the form of Exhibit C hereto (the "Semi-Annual Master Servicer's Certificate") to the Issuer, the Participating Members, the Indenture Trustee and the Rating Agency, which shall include each Member Servicer's Monthly Servicer's Certificate delivered in the last six (6) months and all of the following information (to the extent applicable and including any other information so specified in the Series Supplement) as to the Securitized Bonds with respect to such Payment Date or Special Payment Date or the period since the previous Payment Date, as applicable:

- (i) the amount of the payment to Holders allocable to principal, if any;
- (ii) the amount of the payment to Holders allocable to interest;

- (iii) the aggregate Outstanding Amount of such Securitized Bonds, before and after giving effect to any payments allocated to principal reported under clause (i) above;
- (iv) the difference, if any, between the amount specified in clause (iii) above and the Outstanding Amount specified in the Expected Amortization Schedule;
- (v) any other transfers and payments to be made on such Payment Date or Special Payment Date, including amounts paid to the Indenture Trustee, the Member Servicers and the Master Servicer;
- (vi) the amounts on deposit in the Capital Subaccount and the Excess Funds Subaccount, after giving effect to the foregoing payments; and
- (vii) the amount of any Over-Collections and Under-Collections with respect to each of the Member Servicers.

SECTION 4.05. Limitation of Liability. (a) The Issuer, the Master Servicer, and the Member Servicers expressly agree and acknowledge that:

- (i) In connection with any True-Up Adjustment, the Master Servicer is acting solely in its capacity as the servicing agent hereunder.
- (ii) Except to the extent that the Master Servicer is liable under Section 6.02, the Master Servicer shall have no liability whatsoever relating to the calculation of any Master Servicer Calculations, including as a result of any inaccuracy of any of the assumptions made in such calculation regarding expected energy usage, days sales outstanding, write-offs and estimated Operating Expenses, so long as the Master Servicer has acted in good faith and has not acted in a grossly negligent manner in connection therewith, nor shall the Master Servicer have any liability whatsoever as a result of any Person, including the Holders, not receiving any payment, amount or return anticipated or expected or in respect of any Securitized Bond generally.

(b) Notwithstanding the foregoing, this Section 4.05 shall not relieve the Master Servicer of liability for any misrepresentation by the Master Servicer under Section 6.01 or for any breach by the Master Servicer of its other obligations under this Agreement.

## ARTICLE V MEMBER SERVICER COLLECTIONS

SECTION 5.01. Member Servicer Collections Tracking; Allocation Payments.

(a) The Master Servicer will calculate, based upon the Monthly Member Servicer's Certificates provided by each Member Servicer pursuant to each Servicing Agreement, (i) the Periodic Collection Over-Under of each Service Area during each Collection Period, and (ii) the Over-Collections and Under-Collections of each Service Area and shall maintain a record of such amounts in a ledger (the "SC Account Ledger") available to each Member Servicer.

(b) When no Securitized Bonds are left Outstanding and all Operating Expenses other than Customer Reimbursements have been paid, the Master Servicer shall direct the Indenture Trustee to remit, on behalf of the Issuer, any amounts available to pay Customer Reimbursements to the Member Servicers for the Service Areas with Over-Collections on a pro rata basis and for the benefit of Customers in such Service Areas.

(c) The Master Servicer shall have no liability for any error made in such calculations made in good faith and agrees to take all actions that the Issuer requests, in its reasonable discretion, in order to facilitate the performance of the obligations of the Master Servicer under this Section 5.01.

## ARTICLE VI THE MASTER SERVICER

SECTION 6.01. Representations and Warranties of Master Servicer. The Master Servicer makes the following representations and warranties, as of the Closing Date and as of such other dates as expressly provided in this Section 6.01, on which the Issuer, the Member Servicers, and the Indenture Trustee are deemed to have relied in entering into this Agreement relating to the servicing of the Securitized Property. The representations and warranties shall survive the execution and delivery of this Agreement, the sale of any Securitized Property and the pledge thereof to the Indenture Trustee pursuant to the Indenture.

(a) Organization and Good Standing. The Master Servicer is duly organized and validly existing and is in good standing under the laws of the State of Texas, with the requisite corporate or other power and authority to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted and to execute, deliver and carry out the terms of this Agreement, and had at all relevant times, and has, the requisite power, authority and legal right to service the Securitized Property.

(b) Due Qualification. The Master Servicer is duly qualified to do business and is in good standing, and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including the servicing of the Securitized Property as required by this Agreement) shall require such qualifications, licenses or approvals (except where the failure to so qualify would not be reasonably likely to have a material adverse effect on the Master Servicer's business, operations, assets, revenues or properties or to its servicing of the Securitized Property).

(c) Power and Authority. The execution, delivery and performance of this Agreement have been duly authorized by all necessary action on the part of the Master Servicer under its organizational or governing documents and laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the Master Servicer enforceable against the Master Servicer in accordance with its terms, subject to applicable insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law.



(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof do not violate, result in any breach of any of the terms and provisions of, nor constitute (with or without notice or lapse of time) a default under, the organizational documents of the Master Servicer, nor violate any existing law or any existing order, rule or regulation applicable to the Master Servicer of any Governmental Authority having jurisdiction over the Master Servicer or its properties.

(f) No Proceedings. There are no proceedings or investigations pending or, to the Master Servicer's knowledge, threatened, before any Governmental Authority having jurisdiction over the Master Servicer or its properties involving or relating to the Master Servicer or the Issuer or, to the Master Servicer's knowledge, any other Person: (i) asserting the invalidity of this Agreement or any of the other Basic Documents, (ii) seeking to prevent the issuance of the Securitized Bonds or the consummation of any of the transactions contemplated by this Agreement or any of the other Basic Documents, (iii) seeking any determination or ruling that could reasonably be expected to materially and adversely affect the performance by the Master Servicer of its obligations under, or the validity or enforceability of, this Agreement, any of the other Basic Documents or the Securitized Bonds or (iv) seeking to adversely affect the federal income tax or state income or franchise tax classification of the Securitized Bonds as debt.

(g) Approvals. Brazos has received authorization from the Bankruptcy Court (as defined in the Financing Order) to enter into this Agreement. No other governmental approval, authorization, consent, order or other action of, or filing with, any Governmental Authority is required in connection with the execution and delivery by the Master Servicer of this Agreement, the performance by the Master Servicer of the transactions contemplated hereby or the fulfillment by the Master Servicer of the terms hereof.

(h) Reports and Certificates. Each report and certificate delivered in connection with any filing, posting or notice made by the Issuer with respect to the Securitized Charges or True-Up Adjustments will constitute a representation and warranty by the Master Servicer that each such report or certificate, as the case may be, is true and correct in all material respects; provided, however, that to the extent any such report or certificate is based in part upon or contains assumptions, forecasts or other information or data provided by a Member Servicer or by the Indenture Trustee, the Master Servicer can rely upon such information if it believes in good faith that such information is accurate.

SECTION 6.02. Indemnities of Master Servicer; Release of Claims. (a) The Master Servicer shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by the Master Servicer under this Agreement.

(b) The Master Servicer shall indemnify the Issuer, the Indenture Trustee (for itself and for the benefit of the Holders), the Member Servicers, and the Independent Managers and each of their respective trustees, officers, directors, employees and agents (each, an "Indemnified Person") for, and defend and hold harmless each such Person from and against, any and all Losses imposed on, incurred by or asserted against any such Person as a result of (i) the Master Servicer's willful misconduct, bad faith or gross negligence in the performance of its duties or observance of its covenants under this Agreement or its reckless disregard of its obligations and duties under this Agreement, (ii) the Master Servicer's breach of any of its representations and

warranties contained in this Agreement, or (iii) any litigation or related expenses relating to the Master Servicer's status or obligations as Master Servicer (other than any proceeding the Master Servicer is required to institute under this Agreement) except to the extent of Losses either resulting from the willful misconduct, bad faith or gross negligence of such Person seeking indemnification hereunder or resulting from a breach of a representation or warranty or covenant made by such Person seeking indemnification hereunder in any of the Basic Documents that gives rise to the Master Servicer's breach.

(c) For purposes of Section 6.02(b), in the event of the termination of the rights and obligations of Brazos (or any successor thereto pursuant to Section 6.03) as Master Servicer pursuant to Section 7.01, or a resignation by such Master Servicer pursuant to this Agreement, such Master Servicer shall be deemed to be the Master Servicer pending appointment of a successor Master Servicer pursuant to Section 7.02.

(d) Indemnification under this Section 6.02 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Financing Act or the Financing Order and shall survive the resignation or removal of the Indenture Trustee, any Member Servicer, or any Independent Manager or the termination of this Agreement and shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable attorney's fees and expenses).

(e) Except to the extent expressly provided in this Agreement or the other Basic Documents (including the Master Servicer's claims with respect to the Master Servicing Fee), the Master Servicer hereby releases and discharges the Issuer, the Independent Managers, the Member Servicer, and the Indenture Trustee and each of their respective officers, directors and agents (collectively, the "Released Parties") from any and all actions, claims and demands whatsoever, whenever arising, which the Master Servicer, in its capacity as Master Servicer or otherwise, shall or may have against any such Person relating to the Securitized Property or the Master Servicer's activities with respect thereto other than any actions, claims and demands arising out of the willful misconduct, bad faith or gross negligence of the Released Parties.

(f) Promptly after receipt by an Indemnified Person of notice (or, in the case of the Indenture Trustee, receipt of notice by a Responsible Officer only) of the commencement of any action, proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Master Servicer under this Section 6.02, notify the Master Servicer in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Master Servicer shall relieve the Master Servicer from the obligation to indemnify and hold harmless such Indemnified Person under this Section 6.02 only to the extent that the Master Servicer suffers actual prejudice as a result of such failure. With respect to any action, proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.02, the Master Servicer shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defense of any such action, proceeding or investigation (in which case the Master Servicer shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided that the Indemnified Person shall have the right to participate in such action, proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Master Servicer's election to assume the defense of any action, proceeding or investigation,

the Indemnified Person shall have the right to employ separate counsel (including local counsel), and the Master Servicer shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the defendants in any such action include both the Indemnified Person and the Master Servicer and the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to the Master Servicer, (ii) the Master Servicer shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Master Servicer shall authorize the Indemnified Person to employ separate counsel at the expense of the Master Servicer or (iv) in the case of the Indenture Trustee, such action exposes the Indenture Trustee to a material risk of criminal liability or forfeiture or a Master Servicer Default has occurred and is continuing. Notwithstanding the foregoing, the Master Servicer shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate.

SECTION 6.03. Binding Effect of Master Servicing Obligations. Any Person (a) into which the Master Servicer may be merged, converted or consolidated, (b) that may result from any reorganization, merger (including, but not limited to, merger as defined in Art. 1.02.A.(18) of the Texas Business Corporation Act or in Section 1.002(55) of the Texas Business Organizations Code, as applicable to the Master Servicer, as amended from time to time (including, without limitation, any merger commonly referred to as a “merger by division”)), conversion or consolidation to which the Master Servicer shall be a party, or (c) that may acquire or succeed to (whether by merger, division, conversion, consolidation, reorganization, sale, transfer, lease, management contract or otherwise) the properties and assets of the Master Servicer substantially as a whole, and which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Master Servicer hereunder shall be a successor to the Master Servicer under this Agreement (a “Permitted Successor”) without further act on the part of any of the parties to this Agreement; provided, however, that

- (i) immediately after giving effect to such transaction, no representation, warranty or covenant made pursuant to Section 6.01 shall have been breached and no Master Servicer Default, and no event which, after notice or lapse of time, or both, would become a Master Servicer Default shall have occurred and be continuing,
- (ii) the Master Servicer shall have delivered to the Issuer and the Indenture Trustee an Officer’s Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger, division, reorganization, sale, transfer, lease, management contract transaction, acquisition or other succession and such agreement of assumption complies with this Section 6.03 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with,
- (iii) the Master Servicer shall have delivered to the Issuer, the Indenture Trustee, the Member Servicers, and the Rating Agency an Opinion of Counsel from external counsel of the Master Servicer either (A) stating that, in the opinion of such counsel, all filings to be made by the Master Servicer, including filings pursuant to the Financing Act and the UCC, have been executed and filed and are in full force and effect that are necessary to fully preserve, perfect and maintain the priority of the interests of the Issuer and the Liens of the Indenture Trustee in the Securitized Property and reciting the details of such filings or (B) stating

that, in the opinion of such counsel, no such action shall be necessary to maintain such interests,

- (iv) the Master Servicer shall have delivered to the Issuer, the Indenture Trustee, the Rating Agency and the Member Servicers an Opinion of Counsel from independent tax counsel stating that, for federal income tax purposes, such consolidation, conversion, merger, division or succession and such agreement of assumption will not result in a material federal income tax consequence to the Issuer or the Holders of Securitized Bonds, and
- (v) the Master Servicer shall have given the Rating Agency prior written notice of such transaction.

When the conditions set forth in this Section 6.03 have been satisfied, the preceding Master Servicer shall automatically and without further notice (except as provided in clause (v) above) be released from all of its obligations hereunder.

When any Person (or more than one Person) acquires the properties and assets of the Master Servicer substantially as a whole or otherwise becomes the successor, whether by merger, conversion, consolidation, sale, transfer, lease, management contract or otherwise, to all or substantially all of the electric transmission and distribution business of the Master Servicer (or, if transmission and distribution are not provided by a single entity, provides distribution service directly to Customers taking service at facilities, premises or loads located in the Service Area in accordance with the terms of this Section 6.03), then upon satisfaction of all of the other conditions of this Section 6.03, the preceding Master Servicer shall automatically and without further notice be released from all of its obligations hereunder.

SECTION 6.04. Limitation on Liability of Master Servicer and Others. Except as otherwise provided under this Agreement, neither the Master Servicer nor any of the directors, officers, employees or agents of the Master Servicer shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment; provided, however, that this provision shall not protect the Master Servicer or any such person against any liability that would otherwise be imposed by reason of willful misconduct, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations and duties under this Agreement. The Master Servicer and any director, officer, employee or agent of the Master Servicer may rely in good faith on the advice of counsel reasonably acceptable to the Indenture Trustee or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

Except as provided in this Agreement, including but not limited to Sections 6.02(d) and (e), the Master Servicer shall not be under any obligation to appear in, prosecute or defend any legal action relating to the Securitized Property that is not directly related to one of the Master Servicer's enumerated duties in this Agreement or related to its obligation to pay indemnification, and that in its reasonable opinion may cause it to incur any expense or liability; provided, however, that the Master Servicer may, in respect of any Proceeding, undertake any action that it is not specifically identified in this Agreement as a duty of the Master Servicer but that the Master Servicer reasonably determines is necessary or desirable in order to protect the rights and duties

of the Issuer or the Indenture Trustee under this Agreement or any Sale Agreement or Servicing Agreement. The reasonable legal fees, expenses or other costs paid by the Master Servicer shall be reimbursable as an Ongoing Financing Cost of the Issuer from amounts available under Section 8.02(e) of the Indenture. The Master Servicer's obligations pursuant to this Section 6.04 shall survive and continue notwithstanding that payment of such Ongoing Financing Costs may be delayed pursuant to the terms of the Indenture (it being understood that the Master Servicer may be required initially to advance its own funds to satisfy its obligations hereunder), and then shall later be reimbursed for such advance as provided in the immediately preceding sentence.

SECTION 6.05. Brazos Not to Resign as Master Servicer. Subject to the provisions of Section 6.03, Brazos shall not resign from the obligations and duties hereby imposed on it as Master Servicer under this Agreement unless Brazos delivers to the Indenture Trustee and the Member Servicers an opinion of external counsel to the effect that Brazos' performance of its duties under this Agreement shall no longer be permissible under applicable law. No such resignation shall become effective until a successor Master Servicer shall have assumed the responsibilities and obligations of Brazos in accordance with Section 7.02.

SECTION 6.06. Servicing Compensation. (a) In consideration for its services hereunder, until the Retirement of the Securitized Bonds, the Master Servicer shall receive an annual fee (the "Master Servicing Fee") in an amount equal to (i) \$[\_\_\_\_\_]³ for so long as Brazos is the Master Servicer, or (ii) if Brazos is not the Master Servicer, an amount agreed upon by the Successor Master Servicer and the Issuer. The Master Servicing Fee shall be paid semi-annually with half of the Master Servicing Fee being paid on each Payment Date (provided that, if the first Payment Date is more than six months after the date of issuance of the Securitized Bonds, the Master Servicer will be entitled to a pro rata increase in the fee payable in the first period). In addition, the Master Servicer shall be reimbursed for the commercially reasonable costs and expenses it pays on behalf of the Issuer pursuant to Sections 3.03(b), 3.05, 4.03 and 6.04 of this Agreement.

(b) The Master Servicing Fee and reimbursements described in Section 6.06(a) shall be paid to the Master Servicer by the Indenture Trustee, acting on behalf of the Issuer, on each Payment Date in accordance with the priorities set forth in Section 8.02(e) of the Indenture, by wire transfer of immediately available funds from the Collection Account to an account designated by the Master Servicer. Any portion of the Master Servicing Fee not paid on any such date should be added to the Master Servicing Fee payable on the subsequent Payment Date. In no event shall the Indenture Trustee be liable for the payment of any Master Servicing Fee or other amounts specified in this Section 6.06; provided that this Section 6.06 does not relieve the Indenture Trustee of any duties it has to allocate funds for payment for such fees under Section 8.02 of the Indenture.

(c) Except as expressly provided in Sections 3.03(b), 3.05, 4.03 and 6.04 of this Agreement, the Master Servicer shall be required to pay from its own account expenses incurred by the Master Servicer in connection with its activities hereunder (including any fees to and disbursements by accountants, counsel, or any other Person, and any expenses incurred in

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³ NTD – To be revised to include annual adjustment based on inflation index.

connection with reports to Holders) out of the Master Servicing Fee, and shall not be entitled to any extra payment or reimbursement therefor.

(d) The foregoing Master Servicing Fees constitute a fair and reasonable price for the obligations to be performed by the Master Servicer.

SECTION 6.07. Compliance with Applicable Law. The Master Servicer covenants and agrees, in servicing the Securitized Property, to comply in all material respects with all laws applicable to, and binding upon, the Master Servicer and relating to such Securitized Property the noncompliance with which would have a material adverse effect on the value of the Securitized Property; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the Master Servicer for noncompliance with any Requirement of Law that the Master Servicer is contesting in good faith in accordance with its customary standards and procedures.

SECTION 6.08. Access to Certain Records and Information Regarding Securitized Property. The Master Servicer shall provide to the Indenture Trustee access to the Securitized Property Records held by the Master Servicer as is reasonably required for the Indenture Trustee to perform its duties and obligations under the Indenture and the other Basic Documents, and shall provide access to such records to the Holders as required by applicable law. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the respective offices of the Master Servicer. Nothing in this Section 6.08 shall affect the obligation of the Master Servicer to observe any applicable law prohibiting disclosure of information regarding the Customers, and the failure of the Master Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 6.08.

SECTION 6.09. Appointments. The Master Servicer may at any time appoint any Person to perform all or any portion of its obligations as Master Servicer hereunder; provided, however, that the Rating Agency Condition shall have been satisfied in connection therewith; provided further that the Master Servicer shall remain obligated and be liable under this Agreement for the servicing and administering of the Securitized Property in accordance with the provisions hereof without diminution of such obligation and liability by virtue of the appointment of such Person and to the same extent and under the same terms and conditions as if the Master Servicer alone were servicing and administering the Securitized Property. The fees and expenses of any such Person shall be as agreed between the Master Servicer and such Person from time to time and none of the Issuer, the Indenture Trustee, the Holders or any other Person shall have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a Master Servicer resignation under Section 6.05.

SECTION 6.10. No Master Servicer Advances. The Master Servicer shall not make any advances of interest or principal on the Securitized Bonds.

SECTION 6.11. Eligible Investments. Unless otherwise directed to do so by the Issuer, the Master Servicer shall be responsible for selecting Eligible Investments in which the funds in the Collection Account shall be invested pursuant to Section 8.03 of the Indenture. In the event of any change of account or change of institution affecting the Collection Account, the Master Servicer, acting on behalf of the Issuer, shall provide written notice to the Member

Servicers and the Rating Agency not later than five (5) Business Days from the effective date of such change.

## ARTICLE VII DEFAULT

SECTION 7.01. Master Servicer Default. If any one or more of the following events (a “Master Servicer Default”) shall occur and be continuing:

(a) any failure on the part of the Master Servicer or, so long as the Master Servicer is Brazos or an affiliate thereof, any failure on the part of Brazos, as the case may be, duly to observe or to perform in any material respect any covenants or agreements of the Master Servicer or Brazos, as the case may be, set forth in this Agreement or any other Basic Document to which it is a party, which failure shall (i) materially and adversely affect the rights of the Holders and (ii) continue unremedied for a period of sixty (60) days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Master Servicer or Brazos, as the case may be, by the Issuer (with a copy to the Indenture Trustee) or to the Master Servicer or Brazos, as the case may be, by the Indenture Trustee or (B) such failure is discovered by an officer of the Master Servicer; or

(b) any failure by the Master Servicer duly to perform its obligations under Section 4.01 of this Agreement in the time and manner set forth therein, which failure continues unremedied for a period of five (5) days after the Master Servicer’s receipt of notice thereof; or

(c) any representation or warranty made by the Master Servicer in this Agreement or any Basic Document shall prove to have been incorrect in a material respect when made, which has a material adverse effect on the Holders and which material adverse effect continues unremedied for a period of sixty (60) days after the date on which (A) written notice thereof, requiring the same to be remedied, shall have been delivered to the Master Servicer (with a copy to the Indenture Trustee) by the Issuer or the Indenture Trustee or (B) such failure is discovered by an officer of the Master Servicer; or

(d) an Insolvency Event occurs with respect to Brazos;

then, and in each and every case, so long as the Master Servicer Default shall not have been remedied, either the Indenture Trustee may, or shall upon the instruction of Holders evidencing not less than a majority of the Outstanding Amount of the Securitized Bonds, by notice then given in writing to the Master Servicer (and to the Indenture Trustee if given by the Holders) (a “Termination Notice”), terminate all the rights and obligations (other than the obligations set forth in Section 6.02 and the obligation under Section 7.02 to continue performing its functions as Master Servicer until a successor Master Servicer is appointed) of the Master Servicer under this Agreement. The predecessor Master Servicer shall cooperate with the successor Master Servicer, the Issuer and the Indenture Trustee in effecting the termination of the responsibilities and rights of the predecessor Master Servicer under this Agreement, including the transfer to the successor Master Servicer for administration by it of all Securitized Property Records. As soon as practicable after receipt by the Master Servicer of such Termination Notice, the Master Servicer shall deliver any Securitized Property Records then held by the Master Servicer to the successor Master

Servicer. In case a successor Master Servicer is appointed as a result of a Master Servicer Default, all reasonable costs and expenses (including reasonable attorney's fees and expenses) incurred in connection with transferring the Securitized Property Records to the successor Master Servicer and amending this Agreement to reflect such succession as Master Servicer pursuant to this Section 7.01 shall be paid by the predecessor Master Servicer upon presentation of reasonable documentation of such costs and expenses.

SECTION 7.02. Appointment of Successor.

(a) Upon the Master Servicer's receipt of a Termination Notice pursuant to Section 7.01 or the Master Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Master Servicer shall continue to perform its functions as Master Servicer under this Agreement, and shall be entitled to receive the requisite portion of the Master Servicing Fee, until a successor Master Servicer shall have assumed in writing the obligations of the Master Servicer hereunder as described below. In the event of the Master Servicer's removal or resignation hereunder, the Indenture Trustee shall, at the written direction and with the consent of the Holders of at least a majority of the Outstanding Amount of the Securitized Bonds, appoint a successor Master Servicer with the Issuer's prior written consent thereto (which consent shall not be unreasonably withheld), and the successor Master Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer and the Indenture Trustee and provide prompt written notice of such assumption to the Issuer and the Rating Agency. If within thirty (30) days after the delivery of the Termination Notice, a new Master Servicer shall not have been appointed, the Indenture Trustee may petition a court of competent jurisdiction to appoint a successor Master Servicer under this Agreement. A Person shall qualify as a successor Master Servicer only if (i) such Person is permitted under the laws of the State of Texas to perform the duties of the Master Servicer, (ii) the Rating Agency Condition shall have been satisfied and (iii) such Person enters into a servicing agreement with the Issuer having substantially the same provisions as this Agreement (as the Master Servicer of the Securitized Bonds). In no event shall the Indenture Trustee be liable for its appointment of a successor Master Servicer. The Indenture Trustee's expenses incurred under this Section 7.02(a) shall be at the sole expense of the Issuer and payable from the Collection Account as provided in Section 8.02 of the Indenture.

(b) Upon appointment, the successor Master Servicer shall be the successor in all respects to the predecessor Master Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter relating thereto placed on the predecessor Master Servicer and shall be entitled to the Master Servicing Fee and all the rights granted to the predecessor Master Servicer by the terms and provisions of this Agreement.

SECTION 7.03. Waiver of Past Defaults. The Holders evidencing not less than a majority of the Outstanding Amount of the Securitized Bonds may, on behalf of all Holders, direct the Indenture Trustee to waive in writing any default by the Master Servicer in the performance of its obligations hereunder and its consequences. Upon any such waiver of a past default, such default shall cease to exist, and any Master Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Promptly after the execution of any such waiver, the Master Servicer shall furnish copies of such waiver to each of the Rating Agency.



SECTION 7.04. Notice of Master Servicer Default. The Master Servicer shall deliver to the Issuer, the Indenture Trustee, the Participating Members and the Rating Agency, promptly after having obtained knowledge thereof, but in no event later than five (5) Business Days thereafter, written notice of any event which with the giving of notice or lapse of time, or both, would become a Master Servicer Default under Section 7.01.

SECTION 7.05. Cooperation with Successor. The Master Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the successor Master Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the successor Master Servicer in performing its obligations hereunder.

## ARTICLE VIII MISCELLANEOUS PROVISIONS

### SECTION 8.01. Amendment.

(a) This Agreement may be amended in writing by the Master Servicer and the Issuer with the prior written consent of the Indenture Trustee and the Member Servicers, and the satisfaction of the Rating Agency Condition; provided that any such amendment may not adversely affect the interest of any Holder in any material respect without the consent of the Holders of a majority of the outstanding principal amount of the Securitized Bonds. Promptly after the execution of any such amendment or consent, the Issuer shall furnish copies of such amendment or consent to each of the Rating Agency. Promptly after the execution of any such amendment or consent, the Issuer shall furnish written notification of the substance of such amendment or consent to each of the Rating Agency.

In addition, this Agreement may be amended in writing by the Master Servicer and the Issuer with ten (10) Business Days' prior written notice given to the Rating Agency and the prior written consent of the Indenture Trustee and the Member Servicers (which consent shall be given in reliance on an Opinion of Counsel and an Officer's Certificate stating that such amendment is permitted or authorized under and adopted in accordance with the provisions of this Agreement and that all conditions precedent have been satisfied, upon which the Indenture Trustee may conclusively rely), but without the consent of any of the Holders, (i) to cure any ambiguity, to correct or supplement any provisions in this Agreement or for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions in this Agreement or of modifying in any manner the rights of the Holders; provided, however, that such action shall not, as evidenced by an Officer's Certificate delivered to the Issuer and the Indenture Trustee, adversely affect in any material respect the interests of any Holder or (ii) to conform the provisions hereof to the description of this Agreement in the Offering Memorandum. Promptly after the execution of any such amendment or consent, the Issuer shall furnish copies of such amendment or consent to the Rating Agency.

Prior to the execution of any amendment to this Agreement, the Issuer and the Indenture Trustee shall be entitled to receive and conclusively rely upon an Opinion of Counsel of external counsel stating that such amendment is authorized or permitted by this Agreement and that all conditions precedent have been satisfied. The Issuer and the Indenture Trustee may, but

shall not be obligated to, enter into any such amendment which affects their own rights, duties, indemnities or immunities under this Agreement or otherwise.

SECTION 8.02. Reserved.

SECTION 8.03. Reserved.

SECTION 8.04. Notices. Unless otherwise specifically provided herein, all demands, notices and communications upon or to the Master Servicer, the Member Servicers, the Issuer, the Indenture Trustee or the Rating Agency under this Agreement shall be sufficiently given for all purposes hereunder if in writing and delivered personally, sent by documented delivery service or, to the extent receipt is confirmed telephonically, sent by telecopy or other form of electronic transmission:

(a) in the case of the Issuer, to [Brazos Securitization LLC] c/o Brazos Electric Power Cooperative, Inc., [\_\_\_\_\_];

(b) in the case of the Indenture Trustee, to the Corporate Trust Office;

(c) in the case of the Master Servicer and the Participating Members, to [\_\_\_\_\_];

(d) in the case of the Rating Agency, to Moody's Investors Service, Inc., ABS/RMBS Monitoring Department, 25th Floor, 7 World Trade Center, 250 Greenwich, New York, New York 10007, Email: abscomonitoring@moodys.com (all such notices to be delivered to Moody's in writing by email); and

(e) as to each of the foregoing, at such other address as shall be designated by written notice to each of the other parties.

SECTION 8.05. Assignment. Notwithstanding anything to the contrary contained herein, except as provided in Section 6.03 and as provided in the provisions of this Agreement concerning the resignation of the Master Servicer, this Agreement may not be assigned by the Master Servicer.

SECTION 8.06. Limitations on Rights of Others. The provisions of this Agreement are solely for the benefit of the Master Servicer, the Member Servicers and the Issuer and, to the extent provided herein or in the Basic Documents, the Indenture Trustee and the Holders, and the other Persons expressly referred to herein, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Securitized Property or Securitized Bond Collateral or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

SECTION 8.07. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such a construction shall be unreasonable), and

any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 8.08. Separate Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 8.09. Headings. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 8.10. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 8.11. Assignment to Indenture Trustee. (a) The Master Servicer hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Secured Parties pursuant to the Indenture of any or all of the Issuer's rights hereunder and (b) in no event shall the Indenture Trustee have any liability for the representations, warranties, covenants, agreements or other obligations of the Issuer hereunder or in any of the certificates delivered pursuant hereto, as to all of which any recourse shall be had solely to the assets of the Issuer subject to the availability of funds therefor under Section 8.02 of the Indenture.

SECTION 8.12. Nonpetition Covenants. Notwithstanding any prior termination of this Agreement or the Indenture, the Master Servicer shall not, prior to the date which is one year and one day after the satisfaction and discharge of the Indenture, acquiesce, petition or otherwise invoke or cause the Issuer to invoke or join with any Person in provoking the process of any Governmental Authority for the purpose of commencing or sustaining an involuntary case against the Issuer under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or any substantial part of the property of the Issuer or ordering the dissolution, winding up or liquidation of the affairs of the Issuer.

SECTION 8.13. Limitation of Liability. It is expressly understood and agreed by the parties hereto that this Agreement is executed and delivered by the Indenture Trustee, not individually or personally, but solely as Indenture Trustee in the exercise of the powers and authority conferred and vested in it, and that the Indenture Trustee, in acting hereunder, is entitled to all rights, benefits, protections, immunities and indemnities accorded to it under the Indenture.

Rule 17g-5 Compliance. The Master Servicer agrees that any notice, report, request for satisfaction of the Rating Agency Condition, document or other information provided by the Master Servicer to the Rating Agency under this Agreement or any other Basic Document to which it is a party for the purpose of determining the initial credit rating of the Securitized Bonds or undertaking credit rating

surveillance of the Securitized Bonds with the Rating Agency, or satisfy the Rating Agency Condition, shall be substantially concurrently posted by the Master Servicer on the 17g-5 Website.

[SIGNATURE PAGE FOLLOWS]

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

[BRAZOS SECURITIZATION LLC], as Issuer

By: BRAZOS ELECTRIC POWER  
COOPERATIVE, INC., its Manager

By: \_\_\_\_\_  
Name:  
Title:

BRAZOS ELECTRIC POWER COOPERATIVE,  
INC., as Master Servicer

By: \_\_\_\_\_  
Name:  
Title:

ACKNOWLEDGED AND ACCEPTED:

[\_\_\_\_\_] ,  
as Indenture Trustee

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT A**

**FORM OF ANNUAL MASTER SERVICING CRITERIA COMPLIANCE  
CERTIFICATE**

The undersigned hereby certifies that he/she is the duly elected and acting [ ] of BRAZOS ELECTRIC POWER COOPERATIVE, INC., as Master Servicer (the “Master Servicer”) under the Securitized Property Master Servicing Agreement dated as of [ ], 2022 (the “Master Servicing Agreement”), between the Master Servicer and Brazos Securitization LLC (the “Issuer”), and further that:

1. The undersigned is responsible for assessing the Master Servicer’s compliance with the servicing criteria set forth in the table below (the “Master Servicing Criteria”). Terms used herein have the meaning assigned to them in the Master Servicing Agreement.

2. With respect to each of the Master Servicing Criteria, the undersigned has made the following assessment of the Servicing Criteria during the fiscal year ended December 31, ... (such period, the “Assessment Period”):

<b>Master Servicing Criteria</b>

(2) To the best of my knowledge, after reasonable inquiry, based on such review, the Master Servicer has fulfilled all its obligations under the Master Servicing Agreement throughout the Assessment Period [other than the following material instances of noncompliance listed below: \_\_\_\_\_].

Capitalized terms used herein and not defined herein have the meanings provided for such terms in the Master Servicing Agreement.

This certificate and the statements contained herein are made for the benefit of the Issuer, the Indenture Trustee and the Member Servicers.

[INSERT DATE OF CERTIFICATE]

BRAZOS ELECTRIC POWER COOPERATIVE,  
INC., as Master Servicer

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT B**

**FORM OF SECURITIZED CHARGE TRUE-UP LETTER**

[MEMBER SERVICER  
ADDRESS]

[DATE]

Ladies and Gentlemen:

This True-Up Letter is being delivered to you pursuant to Section 4.01 of the Securitized Property Master Servicing Agreement dated as of [\_\_\_\_], 2022 (the “Master Servicing Agreement”), by and between Brazos Electric Power Cooperative, Inc., as Master Servicer (the “Master Servicer”), and [Brazos Securitization LLC] (the “Issuer”) and Section 4.01 of the Securitized Property Servicing Agreement, dated as of [\_\_\_\_], 2022, by and between the Issuer and [Member Servicer], as Servicer (the “Member Servicer”).

The Master Servicer does hereby provide notice of an adjustment to the Securitized Charge imposed by the Member Servicer to take effect on the True-Up Adjustment Date specified below. The new Securitized Charge for [Member Servicer] was calculated as shown on the table attached hereto.

True-Up Adjustment Date: [\_\_\_\_]

Securitized Charge: \$[\_\_\_\_] per kWh

Respectfully,

BRAZOS ELECTRIC POWER COOPERATIVE, INC.,  
as Master Servicer

By: \_\_\_\_\_

Name:

Title:

[To be inserted based on final form of Member Servicer Tariffs]



**EXHIBIT C**

**FORM OF SEMI-ANNUAL MASTER SERVICER’S CERTIFICATE**

Pursuant to Section 4.04(b) of the Securitized Property Master Servicing Agreement, dated as of [\_\_\_\_], 2022 (the “Master Servicing Agreement”), between BRAZOS ELECTRIC POWER COOPERATIVE, INC., as master servicer and [BRAZOS SECURITIZATION LLC], as Issuer, the Master Servicer does hereby certify, for the \_\_\_\_\_, 20\_\_ Payment Date (the “Current Payment Date”), as follows:

Capitalized terms used herein have their respective meanings as set forth in the Indenture. References herein to certain sections and subsections are references to the respective sections of the Master Servicing Agreement or the Indenture, as the context indicates.

1. Allocation of Remittances as of Current Payment Date allocable to principal and interest:

a) Principal

	<u>Aggregate</u>
i. [Tranche A-1]	
ii. [Tranche A-2]	
iii. [Tranche A-3]	
iv. Total:	

b) Interest

	<u>Aggregate</u>
i. [Tranche A-1]	
ii. [Tranche A-2]	
iii. [Tranche A-3]	
iv. Total:	

2. Outstanding Amount of Bonds prior to, and after giving effect to the payment on the Current Payment Date and the difference, if any, between the Outstanding Amount specified in the Expected Amortization Schedule (after giving effect to payments to be

made on such Payment Date under 1a) above) and the Principal Balance to be Outstanding (following payment on Current Payment Date):

a) Principal Balance Outstanding (as of the date of this certification):

- i. [Tranche A-1]
- ii. [Tranche A-2]
- iii. [Tranche A-3]
- iv. Total:

b) Principal Balance to be Outstanding (following payment on Current Payment Date):

- i. [Tranche A-1]
- ii. [Tranche A-2]
- iii. [Tranche A-3]
- iv. Total:

c) Difference between (b) above and Outstanding Amount specified in Expected Amortization Schedule:

- i. [Tranche A-1]
- ii. [Tranche A-2]
- iii. [Tranche A-3]
- iv. Total:

3. All other transfers to be made on the Current Payment Date, including amounts to be paid to the Indenture Trustee, the Member Servicers and the Master Servicer:

a) Operating Expenses

- i. Trustee Fees and Expenses: (subject to \$\_\_\_\_\_ cap on Indemnity Amounts per Section 8.02(e)(i) of the Indenture)
- ii. Servicing Fees
  - [\_\_\_\_\_]
  - [\_\_\_\_\_]
  - [\_\_\_\_\_]
  - [\_\_\_\_\_]
- iii. Master Servicing Fee:
- iv. Other Operating Expenses:
- v. Total:

b) Other Payments

- i. Operating Expenses (payable pursuant to Section 8.02(e)(iv) of the Indenture):
- ii. Funding of Capital Subaccount (to required amount):
- iii. [Interest Earnings on Capital Subaccount]
- iv. Operating Expenses and Indemnity Amounts over \$200,000 (payable pursuant to Section 8.02(e)(viii) of the Indenture):
- v. Deposits to Excess Funds Subaccount:
- vi. Total:

4. Estimated amounts on deposit in the Capital Subaccount and Excess Funds Subaccount after giving effect to the foregoing payments:

a) Capital Subaccount

- i. Total:

b) Excess Funds Subaccount

- i. Total:

5. Over-Collections and Under-Collection<sup>4</sup>

<u>Member Servicer</u>	<u>Over-Collections</u>	<u>Under-Collections</u>
[_____]	[\$_____]	[\$_____]
[_____]	[\$_____]	[\$_____]
[_____]	[\$_____]	[\$_____]
[_____]	[\$_____]	[\$_____]

All certificates provided to the Master Servicer by each Member Servicer since the delivery of the previous Semi-Annual Master Servicer Certificate are attached hereto.

<sup>4</sup> A running balance reflecting, for each Member Servicer, a reconciliation of the projected Member Servicer's share of the total Securitized Charge Collections (as assumed in True-Up Letters filed with each Member Servicer) as compared to actual Securitized Charge Collections of each Member Servicer (as reflected in Member Servicer Monthly Reports).

107734968.8

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Master Servicer's Certificate this \_\_\_ day of \_\_\_\_\_.

BRAZOS ELECTRIC POWER  
COOPERATIVE, INC.,  
as Master Servicer

By: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE 4.01(a)**

**EXPECTED AMORTIZATION SCHEDULE**

[To be updated]

**SCHEDULE 4.01(b)**

**MASTER SERVICER CALCULATIONS FOR SECURITIZED CHARGE TO BE EFFECTIVE ON ISSUANCE DATE**

[To be updated]

**EXHIBIT I**  
**FORM OF SALE AGREEMENT**

**SECURITIZED PROPERTY PURCHASE AND SALE AGREEMENT**

**by and between**

**Brazos Securitization LLC,**

**Issuer**

**and**

**[PARTICIPATING MEMBER],**

**Seller**

**Dated as of [\_\_\_\_\_], 2022**



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EXHIBITS

Exhibit A

Form of Bill of Sale

This SECURITIZED PROPERTY PURCHASE AND SALE AGREEMENT (this “Agreement”), dated as of [\_\_\_\_\_], 2022, is between Brazos Securitization LLC, a Delaware limited liability company (the “Issuer”), and [Participating Member], a Texas corporation (together with its successors in interest to the extent permitted hereunder, the “Seller”).

## RECITALS

WHEREAS, the Issuer desires to purchase the Securitized Property created pursuant to the Financing Act and the Financing Order;

WHEREAS, the Seller is willing to sell its rights, title and interests (i) in and to Securitized Charges established under the Financing Order (ii) to be paid the amount determined in the Financing Order, the transferee of the Seller is lawfully entitled to receive under the Financing Act and (iii) in and to all revenues, collections, claims, payments, money, or process of or arising from the Securitized Charges to the Issuer whereupon such rights, title and interests will become the Securitized Property;

WHEREAS, the Issuer, in order to finance the purchase of the Securitized Property, will issue the Securitized Bonds under the Indenture; and

WHEREAS, the Issuer, to secure its obligations under the Securitized Bonds and the Indenture, will pledge, among other things, all right, title and interest of the Issuer in and to the Securitized Property and this Agreement to the Indenture Trustee for the benefit of the Secured Parties.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

## ARTICLE I DEFINITIONS

SECTION 1.01. Definitions. Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to them in that certain Indenture (including Appendix A thereto) dated as of the date hereof between the Issuer and [\_\_\_\_\_], in its capacity as indenture trustee (the “Indenture Trustee”) and in its separate capacity as securities intermediary (the “Securities Intermediary”), as the same may be amended, restated, supplemented or otherwise modified from time to time.

(a) Whenever used in this Agreement, the following words and phrases shall have the following meanings:

“Bill of Sale” means a bill of sale substantially in the form of Exhibit A hereto delivered pursuant to Section 2.03(i).

“Loss” means (i) any and all amounts of principal and interest on the Securitized Bonds not paid when due or when scheduled to be paid in accordance with their terms and the amounts

of any deposits by or to the Issuer required to have been made in accordance with the terms of the Basic Documents or the Financing Order which are not made when so required and (ii) any and all other liabilities, obligations, losses, claims, damages, payments, costs or expenses of any kind whatsoever.

“Securitized Charges” means the Securitized Charges authorized by the Financing Order and designated in the Seller’s Tariff as the Securitized Charge Cost Recovery Factor tariff, which shall be imposed on and collected from the Seller’s Customers.

“Securitized Property” means the Member Securitized Property (as defined in the Financing Order), created pursuant to the Financing Act and the Financing Order, which includes, the rights, title and interest of the Seller (i) in and to the Securitized Charges established under the Financing Order, and (ii) in and to all revenue, collections, claims, payments, money, or proceeds of or arising from the Securitized Charges, which rights, title and interests are herein provided to be sold, transferred, assigned, set over and conveyed by the Seller to the Issuer as of the Closing Date.

SECTION 1.02. Other Definitional Provisions.

(a) All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(b) The words “hereof,” “herein,” “hereunder” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement; Section, Schedule and Exhibit references contained in this Agreement are references to Sections, Schedules and Exhibits in or to this Agreement unless otherwise specified; and the term “including” shall mean “including without limitation.”

(c) The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms.

**ARTICLE II**  
**CONVEYANCE OF SECURITIZED PROPERTY**

SECTION 2.01. Conveyance of Securitized Property. (a) In consideration of the Issuer’s delivery to or upon the order of the Seller of [\$\_\_\_\_\_], subject to the conditions specified in Section 2.03, the Seller does hereby irrevocably sell, transfer, assign, set over and otherwise convey to the Issuer, without recourse or warranty, except as set forth herein, all right, title and interest of the Seller in and to the Securitized Property (such sale, transfer, assignment, setting over and conveyance of the Securitized Property includes, to the fullest extent permitted by the Financing Act, the right to impose, collect, receive and enforce the payment of Securitized Charges and the right, title and interest in and to all revenue, collections, claims, payments, money or proceeds of or arising from the Securitized Charges related to the Securitized Property, as the same may be adjusted from time to time). Such sale, transfer, assignment, setting over and conveyance is hereby expressly stated to be a sale and, pursuant to Section 41.158 of the Financing Act, shall be treated as an absolute transfer of all of the Seller’s right, title and interest

in and to (as in a true sale), and not as a pledge or other financing of, the Securitized Property. The Seller and the Issuer agree that after giving effect to the sale, transfer, assignment, setting over and conveyance contemplated hereby the Seller has no right, title or interest in or to the Securitized Property to which a security interest could attach because (i) title, legal and equitable, has passed to the Issuer, as provided in Section 41.158 of the Financing Act, and (ii) appropriate notice has been filed, as provided in Section 41.159(c) of the Financing Act, and such transfer is perfected against all third parties, including subsequent judicial or other lien creditors. If such sale, transfer, assignment, setting over and conveyance is held by any court of competent jurisdiction not to be a true sale as provided in Section 41.158 of the Financing Act, then such sale, transfer, assignment, setting over and conveyance shall be treated as a pledge of such Securitized Property and as the creation of a security interest (within the meaning of the Financing Act and the UCC) in the Securitized Property and, without prejudice to its position that it has absolutely transferred all of its rights, title and interest in the Securitized Property to the Issuer, the Seller hereby grants a security interest in the Securitized Property to the Issuer (and to the Indenture Trustee for the benefit of the Secured Parties) to secure their respective rights under the Basic Documents to receive the Securitized Charges and all other Securitized Property.

(b) Subject to Section 2.03, the Issuer does hereby purchase the Securitized Property from the Seller for the consideration set forth in Section 2.01(a).

SECTION 2.02. Reserved.

SECTION 2.03. Conditions to Conveyance of Securitized Property. The obligation of the Issuer to purchase Securitized Property on the Closing Date shall be subject to the satisfaction of each of the following conditions:

(i) on or prior to the Closing Date, the Seller shall have delivered to the Issuer a duly executed Bill of Sale identifying the Securitized Property to be conveyed on the Closing Date;

(ii) on or prior to the Closing Date, the Seller shall have issued and adopted the Financing Order creating the Securitized Property;

(iii) as of the Closing Date, the Seller is not insolvent and will not have been made insolvent by such sale and the Seller is not aware of any pending insolvency with respect to itself;

(iv) as of the Closing Date, the representations and warranties of the Seller set forth in this Agreement shall be true and correct with the same force and effect as if made on the Closing Date (except to the extent that they relate to an earlier date); on and as of the Closing Date, no breach of any covenant or agreement of the Seller contained in this Agreement has occurred and is continuing; and no Servicer Default shall have occurred and be continuing;

(v) as of the Closing Date, (A) the Issuer shall have sufficient funds available to pay the purchase price for the Securitized Property to be conveyed on such date and (B) all

conditions to the issuance of the Securitized Bonds intended to provide such funds set forth in the Indenture shall have been satisfied or waived;

(vi) on or prior to the Closing Date, the Seller shall have taken, or caused to be taken, all action required, under the applicable law and in accordance with the Basic Documents, to transfer to the Issuer ownership of the Securitized Property to be conveyed on such date, free and clear of all Liens other than Liens created by the Issuer pursuant to the Basic Documents and to perfect such transfer, including, without limitation, filing any statements or filings under the Financing Act or the UCC; and the Issuer or the Servicer, on behalf of the Issuer, shall have taken all actions required for the Issuer to grant the Indenture Trustee a first priority perfected security interest in the Securitized Bond Collateral and maintain such security interest as of such date in accordance with the terms of the Basic Documents;

(vii) Reserved.

(viii) on or prior to the Closing Date, the Issuer shall have received confirmation from the Rating Agency that any Opinions of Counsel required by the Rating Agency have been received, which may be evidenced by the Rating Agency's release of its rating with respect to the Securitized Bonds;

(ix) the Seller, together with the other Participating Members, shall have received and delivered to the Issuer and the Indenture Trustee (or shall have caused to be received and delivered to the Issuer and Indenture Trustee) an opinion or opinions of outside tax counsel (as selected by the Seller together with the other Participating Members, and in form and substance reasonably satisfactory to the Issuer and the Initial Purchaser) to the effect that (1) the Securitized Bonds will be debt of the Participating Members for United States federal income tax purposes, and (2) the issuance of the Securitized Bonds will not result in gross income for United States federal income tax purposes to the Issuer, the Seller and the other Participating Members;

(x) on and as of the Closing Date, each of the LLC Agreement, the Servicing Agreements, the Master Servicing Agreement, this Agreement and the other Sale Agreements, the Indenture, the Financing Order, the Tariff and the Financing Act shall be in full force and effect;

(xi) the Securitized Bonds shall have received a rating or ratings required by the Bond Purchase Agreement; and

(xii) the Seller shall have delivered to the Indenture Trustee and the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in subsections (i), (ii), (iii), (iv), (ix) and (xii) of this Section 2.03.

### **ARTICLE III REPRESENTATIONS AND WARRANTIES OF SELLER**

Subject to Section 3.09, the Seller makes the following representations and warranties, as of the Closing Date, and the Seller acknowledges that the Issuer has relied thereon in acquiring the Securitized Property. The representations and warranties shall survive the sale and transfer of the Securitized Property to the Issuer and the pledge thereof to the Indenture Trustee pursuant

to the Indenture. The Seller agrees that (i) the Issuer may assign the right to enforce the following representations and warranties to the Indenture Trustee and (ii) the representations and warranties inure to the benefit of the Issuer and the Indenture Trustee.

SECTION 3.01. Organization and Good Standing. The Seller is duly organized and validly existing and is in good standing under the laws of the state of its organization, with the requisite corporate or other power and authority to own its properties as such properties are currently owned and to conduct its business as such business is now conducted by it, and has the requisite corporate or other power and authority to adopt the Financing Order and own its rights, title, and interests under the Financing Order and to sell and assign those rights, title and interests to the Issuer, whereupon such rights, title and interests shall become “securitized property” as defined in Section 41.152(b)(11) of the Financing Act.

SECTION 3.02. Due Qualification. The Seller is duly qualified to do business and is in good standing, and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business shall require such qualifications, licenses or approvals (except where the failure to so qualify or obtain such licenses and approvals would not be reasonably likely to have a material adverse effect on the Seller’s business, operations, assets, revenues or properties).

SECTION 3.03. Power and Authority. The Seller has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms; and the execution, delivery and performance of this Agreement have been duly authorized by all necessary action on the part of the Seller under its organizational or governing documents and laws.

SECTION 3.04. Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the Seller enforceable against it in accordance with its terms, subject to applicable insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting creditors’ or secured parties’ rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law.

SECTION 3.05. No Violation. The consummation by the Seller of the transactions contemplated by this Agreement and the fulfillment of the terms hereof do not and will not, after giving effect to any applicable waiver, consent, modification or amendment provided by or agreed to by any of Seller’s lenders or other secured parties, which are effective on or prior to the Closing Date: (i) violate or result in any breach of any of the terms and provisions of, nor constitute (with or without notice or lapse of time) a default under, the Seller’s organizational documents, or any indenture or other agreement or instrument to which the Seller is a party or by which it or any of its property is bound; (ii) result in the creation or imposition of any Lien upon any of the Seller’s properties pursuant to the terms of any such indenture, agreement or other instrument (other than any Lien that may be granted in the Issuer’s favor or any Lien created in favor of the Indenture Trustee for the benefit of the Holders pursuant to Section 41.159 of the Financing Act or any Lien that may be granted under the Basic Documents); or (iii) violate any



existing law or any existing order, rule or regulation applicable to the Seller of any Governmental Authority having jurisdiction over the Seller or its properties.

SECTION 3.06. No Proceedings. There are no proceedings pending and, to the Seller's knowledge, there are no proceedings threatened and, to the Seller's knowledge, there are no investigations pending or threatened, before any Governmental Authority having jurisdiction over the Seller or its properties involving or relating to the Seller or the Issuer or, to the Seller's knowledge, any other Person: (i) asserting the invalidity of the Financing Act, the Financing Order, this Agreement, any of the other Basic Documents or the Securitized Bonds, (ii) seeking to prevent the issuance of the Securitized Bonds or the consummation of any of the transactions contemplated by this Agreement or any of the other Basic Documents, (iii) seeking any determination or ruling that could reasonably be expected to materially and adversely affect the performance by the Seller of its obligations under, or the validity or enforceability of the Financing Act, the Financing Order, this Agreement, any of the other Basic Documents or the Securitized Bonds or (iv) seeking to adversely affect the United States federal income tax or state income or franchise tax classification of the Securitized Bonds as debt.

SECTION 3.07. Approvals. Except for UCC financing statement filings and other filings under the Financing Act, no approval, authorization, consent, order or other action of, or filing with, any Governmental Authority is required in connection with the execution and delivery by the Seller of this Agreement, the performance by the Seller of the transactions contemplated hereby or the fulfillment by the Seller of the terms hereof, except those that have been obtained or made and those that the Seller, in its capacity as Servicer under the Servicing Agreement, is required to make in the future pursuant to the Servicing Agreement.

SECTION 3.08. The Securitized Property.

(a) Information. Subject to subsection (f) below, at the Closing Date, all written information, as amended or supplemented from time to time, provided by the Seller to the Issuer with respect to the Securitized Property is true and correct in all material respects.

(b) Title. It is the intention of the parties hereto that (other than for United States federal income tax purposes and, to the extent consistent with applicable state tax law, state income and franchise tax purposes) the transfers and assignments herein contemplated each constitute a sale and absolute transfer of the Securitized Property from the Seller to the Issuer and that no interest in, or right or title to, the Securitized Property shall be part of the Seller's estate in the event of the filing of a bankruptcy petition by or against the Seller under any bankruptcy law. After giving effect to any applicable waiver, consent, modification or amendment provided by or agreed to by any of Seller's lenders or other secured parties, which are effective on or prior to the Closing Date, and the filing of any financing statements or related instruments in respect thereof, (i) no portion of the Securitized Property has been sold, transferred, assigned or pledged or otherwise conveyed by the Seller to any Person other than the Issuer, (ii) no security agreement, financing statement or equivalent security or lien instrument listing the Seller as debtor covering all or any part of the Securitized Property is on file or of record in any jurisdiction, except such as may have been filed, recorded or made in favor of the Issuer or the Indenture Trustee in connection with the Basic Documents and (iii) the Seller has

not authorized the filing of and is not aware (after due inquiry) of any financing statement against it that includes a description of collateral including the Securitized Property other than any financing statement filed, recorded or made in favor of the Issuer or the Indenture Trustee in connection with the Basic Documents. The Seller is not aware (after due inquiry) of any judgment or tax lien filings against either the Seller or the Issuer. At the Closing Date, immediately prior to the sale of the Securitized Property hereunder, the Seller is the original and the sole owner of the Securitized Property free and clear of all Liens and rights of any other Person, and no offsets, defenses or counterclaims exist or have been asserted with respect thereto.

(c) Transfer Filings. On the Closing Date, immediately upon the sale hereunder, the Securitized Property shall be validly transferred and sold to the Issuer, the Issuer shall own all the Securitized Property free and clear of all Liens (other than any Lien that may be granted in the Issuer's favor or any Lien created in favor of the Indenture Trustee for the benefit of the Holders pursuant to Section 41.159 of the Financing Act or any Lien that may be granted under the Basic Documents) and all filings and action to be made or taken by the Seller (including, without limitation, filings with the Secretary of State of the State of Texas under the Financing Act) necessary in any jurisdiction to give the Issuer a perfected ownership interest in the Securitized Property have been made or taken. No further action is required to maintain such ownership interest and to give the Indenture Trustee a first priority perfected security interest in the Securitized Property. All filings and action have also been made or taken to perfect the security interest in the Securitized Property granted by the Seller to the Issuer and, to the extent necessary, the Indenture Trustee pursuant to Section 2.01.

(d) Financing Order, and Tariff; Other Approvals. On the Closing Date, under the laws of the State of Texas and the United States in effect on the Closing Date, (i) the Financing Order pursuant to which the rights and interests of the Seller, including the right to impose, collect and receive the Securitized Charges and, in and to the Securitized Property transferred on such date have been created, is (x) Final and non-appealable (y) irrevocable and not subject to denial, rescission, reduction, impairment, adjustment, or other alteration by further action of the Board and (z) is in full force and effect; (ii) as of the issuance of the Securitized Bonds, the Securitized Bonds are entitled to the protection of the Financing Act and the Securitized Charges are not revocable by the Seller; (iii) as of the issuance of the Securitized Bonds, the Seller's Tariff is in full force and effect and is not subject to modification by the Seller except as provided under Section 41.153 of the Financing Act; (iv) the process by which the Financing Order creating the Securitized Property was adopted and approved by the Seller, and the Financing Order and Seller's Tariff themselves, comply with all applicable laws, rules and regulations; (v) the Seller's Tariff relating to the Securitized Property has been approved by the Seller pursuant to the Financing Order; and (vi) no other approval, authorization, consent, order or other action of, or filing with any Governmental Authority is required in connection with the creation of the Securitized Property transferred on such date, except those that have been obtained or made.

(e) State Action. Under the Financing Act, the State of Texas has pledged that it will not take or permit any action that would impair the value of the Securitized Property transferred on such date, or, except as permitted by Section 41.157 of the Financing Act, reduce, alter or impair the Securitized Charges relating to the Securitized Property until the principal, interest

and premium and any other charges incurred and contracts to be performed in connection with the Securitized Bonds relating to the Securitized Property have been paid and performed in full. Under the laws of the State of Texas and the United States, the State of Texas could not constitutionally take any action of a legislative character including the repeal or amendment of the Financing Act, which would substantially limit, alter or impair the Securitized Property or other rights vested in the Holders pursuant to the Financing Order or substantially limit, alter, impair or reduce the value or amount of the Securitized Property, unless such action is a reasonable exercise of the police powers of the State of Texas and of a character reasonable and appropriate to further a legitimate public purpose, and, under the takings clauses of the United States and Texas Constitutions, the State of Texas could not repeal or amend the Financing Act or take any other action in contravention of its pledge quoted above without paying just compensation to the Holders, as determined by a court of competent jurisdiction if doing so (i) would constitute a permanent appropriation of a substantial property interest of the Holders in the Securitized Property, (ii) would eliminate all economically productive use of the Securities Property, (iii) would destroy the Securitized Property unless due to emergency conditions, or (iv) would substantially reduce, alter or impair the value of the Securitized Property so as to unduly interfere with the reasonable expectations of the Holders arising from their investments in the Securitized Bonds. There is no assurance, however, that, even if a court were to award just compensation it would be sufficient to pay the full amount of principal and interest on the Securitized Bonds.

(f) Assumptions. On the Closing Date, based upon the information available to the Seller on such date, the assumptions used by the Seller and provided to the Master Servicer to allow the Master Servicer to calculate the initial Securitized Charges are reasonable and are made in good faith. Notwithstanding the foregoing, the Seller makes no representation or warranty, express or implied, that amounts actually collected arising from those Securitized Charges will in fact be sufficient to meet the payment obligations on the Securitized Bonds or the payment of Ongoing Financing Costs, or that the assumptions used in calculating such Securitized Charges will in fact be realized.

(g) Creation of Securitized Property. Upon the effectiveness of the Financing Order, the issuance of the Securitized Bonds and the transfer of the Securitized Property pursuant to this Agreement: (i) the rights and interests of the Seller under the Financing Order, including the right to impose, collect and receive the Securitized Charges authorized in the Financing Order, become “securitized property” as defined in Section 41.151(b)(11) of the Financing Act; (ii) the Securitized Property constitutes a present property right vested in the Issuer; (iii) the Securitized Property includes (A) the right, title and interest of the Seller in the Financing Order and the Securitized Charges and (B) the right to impose, collect and obtain periodic adjustments (with respect to adjustments, in the manner and with the effect provided in the Financing Order and the Master Servicing Agreement) of such Securitized Charges, and the rates and other charges authorized by the Financing Order and all revenues, collections, claims, payments, money or proceeds of or arising from the Securitized Charges; (iv) the owner of the Securitized Property is legally entitled to impose and bill Securitized Charges and collect payments in respect of the Securitized Charges in the aggregate sufficient to pay the interest on and principal of the Securitized Bonds in accordance with the Indenture, to pay the fees and expenses of servicing the Securitized Bonds, and to replenish the Capital Subaccount to the Required Capital Level until the Securitized Bonds are paid in full or until the last date permitted for the collection of

payments in respect of the Securitized Charge under the Financing Order, in accordance with its terms, whichever is earlier, and does not prohibit the owner of the Securitized Property from obtaining adjustments and effecting allocations to the Securitized Charges in order to collect payments of such amounts; and (v) the Securitized Property is not subject to any Lien (other than any Lien that may be granted in the Issuer's favor or any Lien created in favor of the Indenture Trustee for the benefit of the Holders pursuant to Section 41.159 of the Financing Act or any Lien that may be granted under the Basic Documents).

(h) Nature of Representations and Warranties. The representations and warranties set forth in this Section 3.08, insofar as they involve conclusions of law, are made not on the basis that the Seller purports to be a legal expert or to be rendering legal advice, but rather to reflect the parties' good faith understanding of the legal basis on which the parties are entering into this Agreement and the other Basic Documents and the basis on which the Holders are purchasing the Securitized Bonds, and to reflect the parties' agreement that, if such understanding turns out to be incorrect or inaccurate, the Seller will be obligated to indemnify the Issuer and its permitted assigns (to the extent required by and in accordance with Section 5.01), and that the Issuer and its permitted assigns will be entitled to enforce any rights and remedies under the Basic Documents, on account of such inaccuracy to the same extent as if the Seller had breached any other representations or warranties hereunder.

(i) Offering Memorandum. As of the date hereof, the Seller has reviewed the information contained in the section of the Offering Memorandum under the captions [ ] and in Appendix A, and such information is true and correct in all material respects as of its date and nothing has come to the Seller's attention that would lead it to believe that such information contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements and information therein, in light of the circumstances under which they were made, not misleading.

(j) Solvency. After giving effect to the sale of the Securitized Property hereunder, the Seller:

(i) is solvent and expects to remain solvent;

(ii) is adequately capitalized to conduct its business and affairs considering its size and the nature of its business and intended purpose;

(iii) is not engaged in nor does it expect to engage in a business for which its remaining property represents an unreasonably small capital;

(iv) reasonably believes that it will be able to pay its debts as they come due;  
and

(v) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(k) No Court Order. There is no order by any court providing for the revocation, alteration, limitation or other impairment of the Financing Act, the Financing Order, the

Securitized Property or the Securitized Charges or any rights arising under any of them or that seeks to enjoin the performance of any obligations under the Financing Order.

(l) Survival of Representations and Warranties The representations and warranties set forth in this Section 3.08 shall survive the execution and delivery of this Agreement and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Article VI and as to which the Rating Agency Condition has been satisfied.

SECTION 3.09. Limitations on Representations and Warranties. Without prejudice to any of the other rights of the parties, the Seller will not be in breach of any representation or warranty, as a result of a change in law by means of any legislative enactment, constitutional amendment or voter initiative. THE SELLER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, THAT BILLED SECURITIZED CHARGES WILL BE ACTUALLY COLLECTED FROM CUSTOMERS.

#### **ARTICLE IV COVENANTS OF THE SELLER**

SECTION 4.01. Existence. Subject to Section 5.02, so long as any of the Securitized Bonds are Outstanding, the Seller (a) will keep in full force and effect its existence and remain in good standing under the laws of the jurisdiction of its organization, (b) will obtain and preserve its qualification to do business, in each jurisdiction where such existence or qualification is or shall be necessary to protect the validity and enforceability of this Agreement, the other Basic Documents to which the Seller is a party and each other instrument or agreement necessary or appropriate to the proper administration of this Agreement and the transactions contemplated hereby or to the extent necessary for the Seller to perform its obligations hereunder or thereunder and (c) will continue to own and operate its distribution system to the extent required to provide electric services to the Seller's Customers within the Service Area. Nothing in this Section 4.01 shall prohibit the Seller from selling, assigning or otherwise divesting any of its properties or assets; provided that in the event that the Seller sells, assigns or otherwise divests of all or any portion of its distribution system required to provide electric service to the Seller's Customers in the Service Area, then the entity acquiring such distribution facilities is either required by applicable law or agrees by contract to continue operating the facilities to provide electric services to Seller's Customers in the Service Area, and, in the case of a portion of the distribution assets, the conditions of Section 5.02(c)(3) are satisfied.

SECTION 4.02. No Liens. Except for the conveyances hereunder or any Lien under Section 41.159 of the Financing Act in favor of the Indenture Trustee for the benefit of the Holders and any Lien that may be granted under the Basic Documents, the Seller will not sell, pledge, assign or transfer, or grant, create, incur, assume or suffer to exist any Lien on, any of the Securitized Property, or any interest therein, and the Seller shall defend the right, title and interest of the Issuer and the Indenture Trustee, on behalf of the Secured Parties, in, to and under the Securitized Property against all claims of third parties claiming through or under the Seller. The Seller will not at any time assert any Lien against, or with respect to, any of the Securitized Property.

SECTION 4.03. Delivery of Collections. In the event that the Seller receives any SC Collections or other payments in respect of the Securitized Charges or the proceeds thereof other than in its capacity as the Servicer, the Seller agrees to pay to the Servicer, on behalf of the Issuer, all payments received by it in respect thereof as soon as practicable after receipt thereof. Prior to such remittance to the Servicer by the Seller, the Seller agrees that such amounts are held by it in trust for the Issuer and the Indenture Trustee. If the Seller becomes a party to any future trade receivables purchase and sale arrangement or similar arrangement under which it sells all or any portion of its accounts receivables, the Seller and the other parties to such arrangement shall enter into an intercreditor agreement in connection therewith and the terms of the documentation evidencing such trade receivables purchase and sale arrangement or similar arrangement shall expressly exclude Securitized Charges from any receivables or other assets pledged or sold under such arrangement.

SECTION 4.04. Notice of Liens. The Seller shall notify the Issuer and the Indenture Trustee promptly after becoming aware of any Lien on any of the Securitized Property, other than the conveyances hereunder, any Lien under the Basic Documents or any Lien under Section 41.159 of the Financing Act created in favor of the Indenture Trustee for the benefit of the Holders.

SECTION 4.05. Compliance with Law. The Seller hereby agrees to comply with its organizational or governing documents and all laws, treaties, rules, regulations and determinations of any Governmental Authority applicable to it, except to the extent that failure to so comply would not materially adversely affect the Issuer's or the Indenture Trustee's interests in the Securitized Property or under any of the other Basic Documents to which the Seller is party or the Seller's performance of its obligations hereunder or under any of the other Basic Documents to which it is party.

SECTION 4.06. Covenants Related to Securitized Bonds and Securitized Property.

(a) So long as any of the Securitized Bonds are Outstanding, the Seller shall treat the Securitized Property as the Issuer's property for all purposes other than financial reporting, state or federal regulatory or tax purposes, and treat the Securitized Bonds as debt of the Issuer for all purposes, other than for financial reporting, state or federal regulatory or tax purposes.

(b) Solely for the purposes of federal taxes and, to the extent consistent with applicable state, local and other tax law, for purposes of state, local and other taxes, so long as any of the Securitized Bonds are Outstanding, the Seller agrees to treat the Securitized Bonds as indebtedness of the Participating Members secured by the Securitized Bond Collateral unless otherwise required by appropriate taxing or governmental authorities.

(c) So long as any of the Securitized Bonds are Outstanding, the Seller shall disclose in its financial statements that the Issuer and not the Seller is the owner of the Securitized Property and that the assets of the Issuer are not available to pay creditors of the Seller or its Affiliates (other than the Issuer).

(d) So long as any of the Securitized Bonds are Outstanding, the Seller shall not own or purchase any Securitized Bonds.

(e) So long as any of the Securitized Bonds are Outstanding, the Seller shall disclose the effects of all transactions between the Seller and the Issuer in accordance with generally accepted accounting principles.

(f) The Seller agrees that, upon the sale by the Seller of the Securitized Property to the Issuer pursuant to this Agreement, (i) to the fullest extent permitted by law, including the Financing Act, the Issuer shall have all of the rights originally held by the Seller with respect to the Securitized Property, including the right (subject to the terms of the Servicing Agreement between the Seller and the Issuer and the Master Servicing Agreement) to exercise any and all rights and remedies to collect any amounts payable by any Customer or REP in respect of the Securitized Property, notwithstanding any objection or direction to the contrary by the Seller (and the Seller agrees not to make any such objection or to take any such contrary action) and (ii) any payment by any Customer or REP directly to the Issuer shall discharge such Customer's or REP's obligations, if any, to the Seller in respect of the Securitized Property to the extent of such payment, notwithstanding any objection or direction to the contrary by the Seller.

(g) So long as any of the Securitized Bonds are Outstanding, (i) in all proceedings relating directly or indirectly to the Securitized Property, the Seller shall affirmatively certify and confirm that it has sold all of its rights and interests in and to such property (other than for financial reporting or tax purposes), (ii) the Seller shall not make any statement or reference in respect of the Securitized Property that is inconsistent with the ownership interest of the Issuer (other than for financial accounting or tax purposes or as required by state or federal regulatory purposes), (iii) the Seller shall not take any action in respect of the Securitized Property except solely in its capacity as the Servicer thereof pursuant to the Servicing Agreement or as otherwise contemplated by the Basic Documents, (iv) the Seller shall not sell securitized property under a separate financing order in connection with the issuance of additional securitized bonds, adopted under the Financing Act or any similar law authorizing a similar transaction by the Participating Members, unless the Rating Agency Condition shall have been satisfied, and (v) neither the Seller nor the Issuer shall take any action, file any tax return, or make any election inconsistent with the treatment of the Issuer, for purposes of federal taxes and, to the extent consistent with applicable state, local and other tax law, for purposes of state, local and other taxes, as a disregarded entity that is not separate from the Seller (or, if relevant, from another sole owner of the Issuer).

SECTION 4.07. Protection of Title. The Seller shall execute and shall cooperate with the Issuer and the Master Servicer as requested in the preparation and filing of, such filings, including, without limitation, filings with the Secretary of State of the State of Texas pursuant to the Financing Act, and cause to be filed such filings, all in such manner and in such places as may be required by applicable law to fully preserve, maintain, protect and perfect the ownership interest of the Issuer and the first priority security interest of the Indenture Trustee in the Securitized Property, including, without limitation, all filings required under the Financing Act and the UCC relating to the transfer of the ownership of the rights and interest in the Securitized Property by the Seller to the Issuer or the pledge of the Issuer's interest in such Securitized Property to the Indenture Trustee. The Seller shall cooperate with the Issuer and the Master

Servicer to institute any action or proceeding necessary to compel performance by the State of Texas or any of their respective agents, of any of their obligations or duties with respect to the Securitized Property or the Securitized Charges under the Financing Act or the Financing Order, including such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, in each case, as may be reasonably necessary (i) to protect the Issuer and the Secured Parties from claims, state actions or other actions or proceedings of third parties which, if successfully pursued, would result in a breach of any representation set forth in Article III or any covenant set forth in Article IV and (ii) to block or overturn any attempts to cause a repeal of, modification of or supplement to the Financing Act, the Financing Order, or the rights of Holders by legislative enactment or constitutional amendment, which repeal, modification or supplement would be materially adverse to the Issuer or the Secured Parties or otherwise cause an impairment of the rights of the Issuer or the Secured Parties, in each case with respect to the Securitized Property or the Securitized Charges. The costs of any such actions or proceedings incurred by the Seller will be payable by the Seller; provided, however, the Seller may enter into commercially reasonable arrangements with the Master Servicer in order to minimize such legal expenses and ensure equitable allocation of such expenses between the Seller and the Master Servicer. To the extent the Master Servicer or Issuer is unable or unwilling to fulfill the duties described in this Section 4.07, the Seller agrees to undertake all actions to protect the ownership interest of the Issuer and first priority security interest of the Indenture Trustee in the Securitized Property as described herein.

SECTION 4.08. Nonpetition Covenants. Notwithstanding any prior termination of this Agreement or the Indenture, the Seller shall not, prior to the date which is one year and one day after the termination of the Indenture and payment in full of the Securitized Bonds or any other amounts owed under the Indenture, petition or otherwise invoke or cause the Issuer to invoke the process of any Government Authority for the purpose of commencing or sustaining an involuntary case against the Issuer under any federal or state bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or any substantial part of the property of the Issuer, or ordering the winding up or liquidation of the affairs of the Issuer.

SECTION 4.09. Taxes. So long as any of the Securitized Bonds are Outstanding, the Seller shall, and shall cause each of its subsidiaries to, pay all taxes, assessments and governmental charges imposed upon it or any of its properties or assets or with respect to any of its franchises, business, income or property before any penalty accrues thereon if the failure to pay any such taxes, assessments and governmental charges would, after any applicable grace periods, notices or other similar requirements, result in a Lien on the Securitized Property; provided that no such tax need be paid if the Seller or one of its subsidiaries is contesting the same in good faith by appropriate proceedings promptly instituted and diligently conducted and if the Seller or such subsidiary has established appropriate reserves as shall be required in conformity with generally accepted accounting principles. Section 41.161 of the Texas Utilities Code, as amended by the Financing Act, provides that transactions involving the transfer and ownership of securitized property (as defined in the Financing Act) and the receipt of securitized charges (as defined in the Financing Act) are exempt from state and local income, sales, franchise, gross receipts, and other taxes or similar charges.



SECTION 4.10. Reserved.

SECTION 4.11. Tariff. The Seller hereby agrees to keep the Tariff in full force and effect at all times.

SECTION 4.12. Notice of Breach. Promptly after obtaining knowledge thereof, in the event of a breach in any material respect (without regard to any materiality qualifier contained in such representation, warranty or covenant) of any of the Seller's obligations or agreements contained herein, the Seller shall promptly notify the Issuer, the Indenture Trustee, and the Rating Agency, of such breach (with prior written notice to the Master Servicer in order to enable compliance with Section 8.14 of the Master Servicing Agreement). For the avoidance of doubt, any breach which would adversely affect scheduled payments on the Securitized Bonds will be deemed to be a material breach for purposes of this Section 4.12.

SECTION 4.13. Use of Proceeds. The Seller shall use the proceeds of the sale of the Securitized Property in accordance with the Financing Order and the Financing Act.

SECTION 4.14. Further Assurances. Upon the request of the Issuer, the Seller shall execute and deliver such further instruments and do such further acts as may be reasonably necessary to carry out more effectually the provisions and purposes of this Agreement.

## **ARTICLE V THE SELLER**

SECTION 5.01. Liability of Seller; Indemnities.

(a) The Seller shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by the Seller under this Agreement.

(b) The Seller shall indemnify the Issuer and the Indenture Trustee (for the benefit of the Secured Parties) and each of their respective officers, directors, employees, trustees, managers and agents for, and defend and hold harmless each such Person from and against, any and all taxes (other than taxes imposed on Bondholders as a result of their ownership of a Securitized Bond) that may at any time be imposed on or asserted against any such Person as a result of the sale of the Securitized Property to the Issuer, including any franchise, sales, gross receipts, general corporation, tangible personal property, privilege or license taxes but excluding any taxes imposed as a result of a failure of such Person to withhold or remit taxes with respect to payments on any Securitized Bond; it being understood that the Holders shall be entitled to enforce their rights against the Seller under this Section 5.01(b) solely through a cause of action brought for their benefit by the Indenture Trustee.

(c) The Seller shall indemnify the Issuer and the Indenture Trustee (for the benefit of the Secured Parties) and each of their respective officers, directors, employees, trustees, managers, and agents for, and defend and hold harmless each such Person from and against, any and all taxes (other than taxes imposed on Bondholders as a result of their ownership of a Securitized Bond) that may at any time be imposed on or asserted against any such Person as a

result of the Issuer's ownership and assignment of the Securitized Property, the issuance and sale by the Issuer of the Securitized Bonds or the other transactions contemplated in the Basic Documents, including any franchise, sales, gross receipts, general corporation, tangible personal property, privilege or license taxes but excluding any taxes imposed as a result of a failure of such Person to withhold or remit taxes with respect to payments on any Securitized Bond.

(d) The Seller shall indemnify the Issuer, the Indenture Trustee (for the benefit of the Secured Parties) and each of their respective officers, directors, employees and agents for, and defend and hold harmless each such Person from and against all Loss that may be imposed on, incurred by or asserted against each such Person, in each such case, as a result of the Seller's breach of any of its representations, warranties or covenants contained in this Agreement.

(e) Indemnification under Sections 5.01(b), 5.01(c), 5.01(d) and 5.01(f) shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable attorney's fees and expenses), except as otherwise expressly provided in this Agreement.

(f) The Seller shall indemnify the Indenture Trustee (for itself) and the Independent Managers, and any of their respective affiliates, officers, directors, employees and agents (each, an "Indemnified Person") for, and defend and hold harmless each such Person from and against, any and all Loss incurred by any of such Indemnified Persons as a result of the Seller's breach of any of its representations and warranties or covenants contained in this Agreement, except to the extent of Loss either resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person or resulting from a breach of a representation or warranty made by such Indemnified Person in any of the Basic Documents that gives rise to the Seller's breach. The Seller shall not be required to indemnify an Indemnified Person for any amount paid or payable by such Indemnified Person in the settlement of any action, proceeding or investigation without the prior written consent of the Seller which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Person of notice of the commencement of any action, proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Seller under this Section 5.01(f), notify the Seller in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Seller shall relieve the Seller from the obligation to indemnify and hold harmless such Indemnified Person under this Section 5.01(f) only to the extent that the Seller suffers actual prejudice as a result of such failure. With respect to any action, proceeding or investigation brought by a third party for which indemnification may be sought under this Section 5.01(f), the Seller shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defense of any such action, proceeding or investigation (in which case the Seller shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided that the Indemnified Person shall have the right to participate in such action, proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Seller's election to assume the defense of any action, proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel (including local counsel), and the Seller shall bear the reasonable, duly documented and invoiced fees, costs and expenses of such separate counsel if (i) the defendants in any such action include both the Indemnified Person and the Seller and the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are

different from or additional to those available to the Seller, (ii) the Seller shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Seller shall authorize the Indemnified Person to employ separate counsel at the expense of the Seller or (iv) in the case of the Indenture Trustee, such action exposes the Indenture Trustee to a material risk of criminal liability or forfeiture or a Servicer Default has occurred and is continuing. Notwithstanding the foregoing, the Seller shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate.

(g) [reserved].

(h) The remedies provided in this Agreement are the sole and exclusive remedies against the Seller for breach of its representations, warranties, and covenants in this Agreement.

(i) Indemnification under this Section 5.01 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Financing Act or the Financing Order and shall survive the resignation or removal of the Indenture Trustee or the termination of this Agreement and will rank in priority with other general, unsecured obligations of the Seller.

(j) Notwithstanding anything to the contrary in this Agreement, the Seller shall not indemnify any party under this Section 5.01 for any changes in law after the Closing Date, whether such changes in law are effected by means of any legislative enactment, constitutional amendment or any final and non-appealable judicial decision.

SECTION 5.02. Merger, Conversion or Consolidation of, or Assumption of the Obligations of, Seller. Any Person (a) into which the Seller may be merged, converted or consolidated, (b) that may result from any reorganization, merger (including, but not limited to, merger as defined in Art. 1.02.A.(18) of the Texas Business Corporation Act or in Section 1.002(55) of the Texas Business Organizations Code, as applicable to the Seller, as amended from time to time (including, without limitation, any merger commonly referred to as a “merger by division”)), conversion or consolidation to which the Seller shall be a party, or (c) that may acquire or succeed to (whether by merger, division, conversion, consolidation, reorganization, sale, transfer, lease, management contract or otherwise) 1) the properties and assets of the Seller substantially as a whole, 2) all or substantially all of the electric distribution business of the Seller which is required to provide electric service to the Seller’s customers in the Service Area, or 3) the electric distribution system business assets of the Seller required to provide electric service to the Seller’s Customers in a portion of the Service Area, and which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Seller hereunder (including the Seller’s obligations under Section 5.01 incurred at any time prior to or after the date of such assumption), shall be a successor to the Seller under this Agreement (a “Permitted Successor”) without further act on the part of any of the parties to this Agreement; provided, that

(i) immediately after giving effect to such transaction, no representation, warranty or covenant made pursuant to Article III or Article IV shall be breached and no

Servicer Default, and no event which, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing,

(ii) the Seller shall have delivered to the Issuer, the Indenture Trustee and the Rating Agency an Officer's Certificate and an Opinion of Counsel from Independent counsel stating that such consolidation, conversion, merger, division, reorganization, sale, transfer, lease, management contract transaction, acquisition or other succession and such agreement of assumption comply with this Section 5.02 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with,

(iii) the Seller shall have delivered to the Issuer, the Indenture Trustee and the Rating Agency an Opinion of Counsel from Independent counsel of the Seller either (A) stating that, in the opinion of such counsel, all filings to be made by the Seller and the Issuer, have been authorized, executed and filed that are necessary to fully preserve and protect the respective interests of the Issuer and the Indenture Trustee in all of the Securitized Property and reciting the details of such filings, or (B) stating that, in the opinion of such counsel, no such action shall be necessary to preserve and protect such interests,

(iv) the Seller shall have delivered to the Issuer, the Master Servicer, the Indenture Trustee, and the Rating Agency an Opinion of Counsel from Independent tax counsel to the effect that, for United States federal income tax purposes, such consolidation, conversion, merger, division, reorganization, sale, transfer, lease, management contract transaction, acquisition or other succession and such agreement of assumption, will not by itself cause (a) the Issuer to be subject to tax as an entity separate from its sole owner, (b) a change in the treatment of the Securitized Bonds as other than debt of the Participating Members, and (c) the Securitized Bonds to be treated as transferred in a taxable exchange;

(v) the Master Servicer shall have given the Rating Agency prior written notice of such transaction and shall have provided written notice to the Seller that the Rating Agency Condition shall be satisfied; and

(vi) the Permitted Successor shall assume all rights, obligations and responsibilities of the Seller under the Financing Order, and for purposes of the Financing Order, the Board of the Permitted Successor shall be considered the "Board" as described in the Financing Act and Financing Order.

When any Person (or more than one Person) acquires the properties and assets of the Seller substantially as a whole or otherwise becomes the successor, whether by merger, conversion, consolidation, sale, transfer, lease, management contract or otherwise, to all or substantially all of the electric distribution business of the Seller, then upon satisfaction of all of the other conditions of this Section 5.02, the preceding Seller shall automatically and without further notice be released from all of its obligations hereunder.

SECTION 5.03. Limitation on Liability of Seller and Others. The Seller and any director, officer, employee or agent of the Seller may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising hereunder. Subject to Section 4.07, the Seller shall not be under

any obligation to appear in, prosecute or defend any legal action that is not incidental to its obligations under this Agreement, and that in its opinion may involve it in any expense or liability.

## **ARTICLE VI MISCELLANEOUS PROVISIONS**

SECTION 6.01. Amendment. This Agreement may be amended in writing by the Seller and the Issuer with ten Business Days' prior written notice given to the Rating Agency and without the consent of any of the Holders, (i) to cure any ambiguity, to correct or supplement any provisions in this Agreement or for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions in this Agreement or of modifying in any manner the rights of the Holders; provided, however, that such action shall not, as evidenced by an Officer's Certificate delivered to the Issuer and the Indenture Trustee, adversely affect in any material respect the interests of any Holder or (ii) to conform the provisions hereof to the description of this Agreement in the Offering Memorandum.

In addition, this Agreement may be amended in writing by the Seller and the Issuer with (i) the prior written consent of the Indenture Trustee, (ii) the satisfaction of the Rating Agency Condition, and (v) if any amendment would adversely affect in any material respect the interest of any Holder of the Securitized Bonds, the consent of a majority of the Holders of each affected series, subseries, Tranche, or stated maturity of Securitized Bonds. In determining whether a majority of Holders have consented, Securitized Bonds owned by the Issuer, or any Affiliate of the Issuer or Seller shall be disregarded, except that, in determining whether the Indenture Trustee shall be protected in relying upon any such consent, the Indenture Trustee shall only be required to disregard any Securitized Bonds it actually knows to be so owned. Promptly after the execution of any such amendment or consent, the Issuer shall furnish copies of such amendment or consent to the Rating Agency.

It shall not be necessary for the consent of Holders pursuant to this Section to approve the particular form of any proposed amendment or consent, but it shall be sufficient if such consent shall approve the substance thereof.

Prior to the execution of any amendment to this Agreement, the Issuer, the Seller and the Indenture Trustee shall be entitled to receive and rely upon an Opinion of Counsel from external counsel of the Seller stating that the execution of such amendment is authorized or permitted by this Agreement and that all conditions precedent have been satisfied and the Opinion of Counsel referred to in Section 3.01(c)(i) of the Servicing Agreement executed by the Seller and the Issuer. The Issuer and the Indenture Trustee may, but shall not be obligated to, enter into any such amendment which affects the Indenture Trustee's own rights, duties or immunities under this Agreement or otherwise.

SECTION 6.02. Reserved.

SECTION 6.03. Notices. All demands, notices and communications upon or to the Seller, the Issuer, the Indenture Trustee, the Master Servicer, the other Participating Members or

the Rating Agency under this Agreement shall be sufficiently given for all purposes hereunder if in writing, and delivered personally, sent by documented delivery service or, to the extent receipt is confirmed telephonically, sent by email or other form of electronic transmission:

- (a) in the case of the Seller, to [\_\_\_\_\_];
- (b) in the case of the Issuer, to [\_\_\_\_\_];
- (c) in the case of the Indenture Trustee, to the Corporate Trust Office;
- (d) in the case of the Master Servicer and the other Participating Members, to [\_\_\_\_\_];
- (e) in the case of the Rating Agency, to Moody's Investors Service, Inc., ABS/RMBS Monitoring Department, 25th Floor, 7 World Trade Center, 250 Greenwich, New York, New York 10007, Email: [abscormonitoring@moodys.com](mailto:abscormonitoring@moodys.com) (all such notices to be delivered to Moody's in writing by email); or
- (f) as to each of the foregoing, at such other address as shall be designated by written notice to the other parties.

SECTION 6.04. Assignment. Notwithstanding anything to the contrary contained herein, except to the extent provided in Section 5.02, this Agreement may not be assigned by the Seller.

SECTION 6.05. Limitations on Rights of Third Parties. The provisions of this Agreement are solely for the benefit of the Seller and the Issuer, and to the extent provided herein or in the Basic Documents, the Indenture Trustee (for the benefit of the Secured Parties), and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Securitized Property or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

SECTION 6.06. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 6.07. Separate Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 6.08. Headings. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 6.09. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 6.10. Assignment to Indenture Trustee. The Seller hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Secured Parties of all right, title and interest of the Issuer in, to and under this Agreement, the Securitized Property and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Secured Parties.

SECTION 6.11. Limitation of Liability. It is expressly understood and agreed by the parties hereto that this Agreement is executed and delivered by the Indenture Trustee, not individually or personally but solely as Indenture Trustee on behalf of the Secured Parties, in the exercise of the powers and authority conferred and vested in it. The Indenture Trustee in acting hereunder is entitled to all rights, benefits, protections, immunities and indemnities accorded to it under the Indenture.

SECTION 6.12. Waivers. Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof; provided, however, that no such waiver delivered by the Issuer shall be effective unless the Indenture Trustee has given its prior written consent thereto. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

BRAZOS SECURITIZATION LLC, as Issuer

By: BRAZOS ELECTRIC POWER  
COOPERATIVE, INC., its Manager

By: \_\_\_\_\_  
Name:  
Title:

[PARTICIPATING MEMBER], as Seller

By: \_\_\_\_\_  
Name:  
Title:

ACKNOWLEDGED AND ACCEPTED:

[\_\_\_\_\_] , as Indenture  
Trustee

By: \_\_\_\_\_  
Name:  
Title:



EXHIBIT A

FORM OF BILL OF SALE

This Bill of Sale is being delivered pursuant to the Securitized Property Purchase and Sale Agreement, dated as of [\_\_\_\_\_], 2022 (the “Sale Agreement”), by and between [Participating Member] (the “Seller”) and Brazos Securitization LLC (the “Issuer”). All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Sale Agreement.

In consideration of the Issuer’s delivery to or upon the order of the Seller of [\_\_\_\_\_], the Seller does hereby irrevocably sell, transfer, assign, set over and otherwise convey to the Issuer, without recourse or warranty, except as set forth in the Sale Agreement, all right, title and interest of the Seller in and to the Securitized Property identified on Schedule 1 hereto (such sale, transfer, assignment, setting over and conveyance of the Securitized Property includes, to the fullest extent permitted by the Financing Act and the Financing Order, the right to impose, collect, receive and enforce the payment of Securitized Charges and the assignment of all revenue, collections, claims, payments, money or proceeds of or arising from the Securitized Charges related to the Securitized Property, as the same may be adjusted from time to time). Such sale, transfer, assignment, setting over and conveyance is hereby expressly stated to be a sale and, pursuant to Section 41.158 of the Financing Act and other applicable law, shall be treated as an absolute transfer of all of the Seller’s right, title and interest in and to (as in a true sale), and not as a pledge or other financing of, the Securitized Property. The Seller and the Issuer agree that after giving effect to the sale, transfer, assignment, setting over and conveyance contemplated hereby the Seller has no right, title or interest in or to the Securitized Property to which a security interest could attach because (i) it has sold, transferred, assigned, set over and conveyed all right in and to the Securitized Property to the Issuer, (ii) as provided in Section 41.154 of the Financing Act, such rights are only contract rights until the time of such sale, transfer, assignment, setting over and conveyance and (iii) as provided in Section 41.159(c) of the Financing Act, appropriate notice has been filed and such transfer is perfected against all third parties, including subsequent judicial or other lien creditors. If such sale, transfer, assignment, setting over and conveyance is held by any court of competent jurisdiction not to be a true sale as provided in Section 41.158 of the Financing Act, then such sale, transfer, assignment, setting over and conveyance shall be treated as a pledge of the Securitized Property and as the creation of a security interest (within the meaning of the Financing Act and the UCC) in the Securitized Property and, without prejudice to its position that it has absolutely transferred all of its rights in the Securitized Property to the Issuer, the Seller hereby grants a security interest in the Securitized Property to the Issuer (and, to the extent necessary to qualify the grant as a security interest under the Financing Act and the UCC, to the Indenture Trustee for the benefit of the Secured Parties to secure the right of the Issuer under the Basic Documents to receive the Securitized Charges and all other Securitized Property).

The Issuer does hereby purchase the Securitized Property from the Seller for the consideration set forth in the preceding paragraph.

The Seller and the Issuer each acknowledge and agree that the purchase price for the Securitized Property sold pursuant to this Bill of Sale and the Sale Agreement is equal to its fair market value at the time of sale.

The Seller confirms that (i) each of the representations and warranties on the part of the Seller contained in the Sale Agreement are true and correct in all respects on the date hereof as if made on the date hereof and (ii) each condition precedent that must be satisfied under Section 2.03 of the Sale Agreement has been satisfied upon or prior to the execution and delivery of this Bill of Sale by the Seller.

This Bill of Sale may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

THIS BILL OF SALE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAW.

IN WITNESS WHEREOF, the Seller and the Issuer have duly executed this Bill of Sale as of the [ ] day of [ ], 2022.

[Issuer], as Issuer

By: Brazos Electric Power Cooperative, Inc., its  
Manager

By: \_\_\_\_\_  
Name:  
Title:

[Participating Member], as Seller

By: \_\_\_\_\_  
Name:  
Title:

SCHEDULE 1  
to  
BILL OF SALE

SECURITIZED PROPERTY

All Securitized Property created or arising under the Financing Order dated as of  
[\_\_\_\_\_], 2022 adopted by the Participating Members pursuant to the Financing Act.

**EXHIBIT J**  
**FORM OF INDENTURE**

**BRAZOS SECURITIZATION LLC,**

**Issuer,**

**and**

**[\_\_\_\_\_],**

**Indenture Trustee and Securities Intermediary**

---

**INDENTURE**

**Dated as of [\_\_\_\_\_] , 2022**

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## APPENDIX

APPENDIX A	Definitions
------------	-------------

This INDENTURE dated as of [\_\_\_\_], 2022, by and between BRAZOS SECURITIZATION LLC, a Delaware limited liability company (the “Issuer”), and [\_\_\_\_], a national banking association, in its capacity as indenture trustee (the “Indenture Trustee”) for the benefit of the Secured Parties (as defined herein) and in its separate capacity as a securities intermediary (the “Securities Intermediary”).

In consideration of the mutual agreements herein contained, each party agrees as follows for the benefit of the other and each of the Holders:

#### RECITALS OF THE ISSUER

The Issuer has duly authorized the execution and delivery of this Indenture and the creation and issuance of the Securitized Bonds issuable hereunder, which will be of substantially the tenor set forth herein and in the Series Supplement.

The Securitized Bonds shall be non-recourse obligations and shall be secured by and payable solely out of the proceeds of the Securitized Property and the other Securitized Bond Collateral. If and to the extent that such proceeds of Securitized Property and the other Securitized Bond Collateral are insufficient to pay all amounts owing with respect to the Securitized Bonds, then, except as otherwise expressly provided hereunder, the Holders shall have no Claim in respect of such insufficiency against the Issuer or the Indenture Trustee, and the Holders, by their acceptance of the Securitized Bonds, waive any such Claim.

All things necessary to (a) make the Securitized Bonds, when executed by the Issuer and authenticated and delivered by the Indenture Trustee hereunder and duly issued by the Issuer, valid obligations, and (b) make this Indenture a valid agreement of the Issuer, in each case, in accordance with their respective terms, have been done.

#### NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That the Issuer, in consideration of the premises herein contained and of the purchase of the Securitized Bonds by the Holders and of other good and lawful consideration, the receipt and sufficiency of which are hereby acknowledged, and to secure, equally and ratably without prejudice, priority or distinction, except as specifically otherwise set forth in this Indenture, the payment of the Securitized Bonds, the payment of all other amounts due under or in connection with this Indenture (including, without limitation, all fees, expenses, counsel fees, indemnity amounts and other amounts due and owing to the Indenture Trustee) and the performance and observance of all of the covenants and conditions contained herein or in such Securitized Bonds, has hereby executed and delivered this Indenture and by these presents does hereby and under the Series Supplement will convey, grant and assign, transfer and pledge, in each case, in and unto the Indenture Trustee, its successors and assigns forever, for the benefit of the Secured Parties, all and singular the property described in the Series Supplement (such property hereinafter referred to as the “Securitized Bond Collateral”). The Series Supplement will more particularly describe the obligations of the Issuer secured by the Securitized Bond Collateral.

AND IT IS HEREBY COVENANTED, DECLARED AND AGREED between the parties hereto that all Securitized Bonds are to be issued, countersigned and delivered and

that all of the Securitized Bond Collateral is to be held and applied, subject to the further covenants, conditions, releases, uses and trusts hereinafter set forth, and the Issuer, for itself and any successor, does hereby covenant and agree to and with the Indenture Trustee and its successors in said trust, for the benefit of the Secured Parties, as follows:

## ARTICLE I

### DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01. Definitions. Except as otherwise specified herein or as the context may otherwise require, the capitalized terms used herein shall have the respective meanings set forth in Appendix A attached hereto and made a part hereof for all purposes of this Indenture.

SECTION 1.02. Reserved.

SECTION 1.03. Rules of Construction. Unless the context otherwise requires:

- (i) a term has the meaning assigned to it;
- (ii) an accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles in the United States of America as in effect from time to time;
- (iii) “or” is not exclusive;
- (iv) “including” means including without limitation;
- (v) words in the singular include the plural and words in the plural include the singular; and
- (vi) the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

## ARTICLE II

### THE SECURITIZED BONDS

SECTION 2.01. Form. The Securitized Bonds and the Indenture Trustee’s certificate of authentication shall be in substantially the forms set forth in Exhibit A, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or by the Series Supplement and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may, consistently herewith, be determined by the officers executing the Securitized Bonds, as evidenced by their execution of the Securitized Bonds. Any portion of the text of any Securitized Bond may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Securitized Bond.

The Securitized Bonds shall be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders), all as determined by the officers executing the Securitized Bonds, as evidenced by their execution of the Securitized Bonds.

Each Securitized Bond shall be dated the date of its authentication. The terms of the Securitized Bonds set forth in Exhibit A are part of the terms of this Indenture.

SECTION 2.02. Denominations; Securitized Bonds. The Securitized Bonds shall be issuable in the Minimum Denomination.

The Securitized Bonds may, at the election of and as authorized by a Responsible Officer of the Issuer, be issued in one or more Tranches, and shall be designated generally as the “Securitized Bonds” of the Issuer, with such further particular designations added or incorporated in such title for the Securitized Bonds of any particular Tranche as a Responsible Officer of the Issuer may determine. Each Securitized Bond shall bear upon its face the designation so selected for the Tranche to which it belongs. All Securitized Bonds shall be identical in all respects except for the denominations thereof, unless the Securitized Bonds are comprised of one or more Tranches, in which case all Securitized Bonds of the same Tranche shall be identical in all respects except for the denominations thereof. All Securitized Bonds of a particular Tranche shall be in all respects equally and ratably entitled to the benefits hereof without preference, priority, or distinction on account of the actual time or times of authentication and delivery, all in accordance with the terms and provisions of this Indenture.

The Securitized Bonds shall be created by the Series Supplement authorized by a Responsible Officer of the Issuer which shall establish the terms and provisions of the Securitized Bonds. The several Tranches thereof may differ as between Tranches, in respect of any of the following matters:

- (1) designation of the Tranches thereof;
- (2) the principal amount (and, if more than one Tranche is issued, the respective principal amounts of such Tranches);
- (3) the Securitized Bond Interest Rate;
- (4) the Payment Dates;
- (5) the Scheduled Payment Dates;
- (6) the Scheduled Final Payment Date;
- (7) the Final Maturity Date;
- (8) the Closing Date;
- (9) the place or places for the payment of interest, principal and premium, if any;

- (10) the Minimum Denominations;
- (11) the Expected Amortization Schedule;
- (12) provisions with respect to the definitions set forth in Appendix A hereto;
- (13) whether or not the Securitized Bonds are to be Book-Entry Securitized Bonds and the extent to which Section 2.11 should apply;
- (14) to the extent applicable, the extent to which payments on the Securitized Bonds of any Tranche are subordinate to or pari passu in right of payment of principal and interest to other Tranches;
- (15) provisions with respect to application of the proceeds of the Securitized Bonds including the payment of costs of issuing the Securitized Bonds; and
- (16) any other provisions expressing or referring to the terms and conditions upon which the Securitized Bonds of the applicable Tranche are to be issued under this Indenture that are not in conflict with the provisions of this Indenture and as to which the Rating Agency Condition is satisfied.

SECTION 2.03. Execution, Authentication and Delivery. The Securitized Bonds shall be executed on behalf of the Issuer by any of its Responsible Officers. The signature of any such Responsible Officer on the Securitized Bonds may be manual or facsimile.

Securitized Bonds bearing the manual or facsimile signature of individuals who were at any time Responsible Officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securitized Bonds or did not hold such offices at the date of such Securitized Bonds.

At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Securitized Bonds executed by the Issuer to the Indenture Trustee pursuant to an Issuer Order for authentication; and the Indenture Trustee shall authenticate and deliver such Securitized Bonds as in this Indenture provided and not otherwise.

No Securitized Bond shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless there appears on such Securitized Bond a certificate of authentication substantially in the form provided for therein executed by the Indenture Trustee by the manual signature of one of its authorized signatories, and such certificate upon any Securitized Bond shall be conclusive evidence, and the only evidence, that such Securitized Bond has been duly authenticated and delivered hereunder.

SECTION 2.04. Temporary Securitized Bonds. Pending the preparation of Definitive Securitized Bonds pursuant to Section 2.13, the Issuer may execute, and upon receipt of an Issuer Order the Indenture Trustee shall authenticate and deliver, Temporary Securitized Bonds which are printed, lithographed, typewritten, mimeographed or otherwise produced, of the tenor of the Definitive Securitized Bonds in lieu of which they are issued and with such

variations not inconsistent with the terms of this Indenture as the officers executing such Securitized Bonds may determine, as evidenced by their execution of such Securitized Bonds.

If Temporary Securitized Bonds are issued, the Issuer will cause Definitive Securitized Bonds to be prepared without unreasonable delay. After the preparation of Definitive Securitized Bonds, the Temporary Securitized Bonds shall be exchangeable for Definitive Securitized Bonds upon surrender of the Temporary Securitized Bonds at the office or agency of the Issuer to be maintained as provided in Section 3.02, without charge to the Holder. Upon surrender for cancellation of any one or more Temporary Securitized Bonds, the Issuer shall execute and the Indenture Trustee shall authenticate and deliver in exchange therefor a like principal amount of Definitive Securitized Bonds of authorized denominations. Until so delivered in exchange, the Temporary Securitized Bonds shall in all respects be entitled to the same benefits under this Indenture as Definitive Securitized Bonds.

SECTION 2.05. Registration; Registration of Transfer and Exchange of Securitized Bonds. The Issuer shall cause to be kept a register (the “Securitized Bond Register”) in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of Securitized Bonds and the registration of transfers of Securitized Bonds. The Indenture Trustee shall be “Securitized Bond Registrar” for the purpose of registering Securitized Bonds and transfers of Securitized Bonds as herein provided. Upon any resignation of any Securitized Bond Registrar, the Issuer shall promptly appoint a successor or, if it elects not to make such an appointment, assume the duties of Securitized Bond Registrar.

If a Person other than the Indenture Trustee is appointed by the Issuer as Securitized Bond Registrar, the Issuer will give the Indenture Trustee prompt written notice of the appointment of such Securitized Bond Registrar and of the location, and any change in the location, of the Securitized Bond Register, and the Indenture Trustee shall have the right to inspect the Securitized Bond Register at all reasonable times and to obtain copies thereof, and the Indenture Trustee shall have the right to rely conclusively upon a certificate executed on behalf of the Securitized Bond Registrar by a Responsible Officer thereof as to the names and addresses of the Holders and the principal amounts and number of such Securitized Bonds (separately stated by Tranche).

Upon surrender for registration of transfer of any Securitized Bond at the office or agency of the Issuer to be maintained as provided in Section 3.02, provided that the requirements of Section 8-401 of the UCC are met, the Issuer shall execute, and the Indenture Trustee shall authenticate and the Holder shall obtain from the Indenture Trustee, in the name of the designated transferee or transferees, one or more new Securitized Bonds in any Minimum Denominations, of the same Tranche and aggregate principal amount.

At the option of the Holder, Securitized Bonds may be exchanged for other Securitized Bonds in any Minimum Denominations, of the same Tranche and aggregate principal amount, upon surrender of the Securitized Bonds to be exchanged at such office or agency as provided in Section 3.02. Whenever any Securitized Bonds are so surrendered for exchange, the Issuer shall, provided that the requirements of Section 8-401 of the UCC are met, execute and, upon any such execution, the Indenture Trustee shall authenticate and the Holder shall obtain



from the Indenture Trustee, the Securitized Bonds which the Holder making the exchange is entitled to receive.

All Securitized Bonds issued upon any registration of transfer or exchange of other Securitized Bonds shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securitized Bonds surrendered upon such registration of transfer or exchange.

Every Securitized Bond presented or surrendered for registration of transfer or exchange shall be duly endorsed by, or be accompanied by (a) a written instrument of transfer in form satisfactory to the Indenture Trustee duly executed by the Holder thereof or such Holder's attorney duly authorized in writing, and (b) such other documents as the Indenture Trustee may require.

No service charge shall be made to a Holder for any registration, transfer or exchange of Securitized Bonds, but the Issuer or the Indenture Trustee may require payment of a sum sufficient to cover any tax or other governmental charge or any fees or expenses of the Indenture Trustee that may be imposed in connection with any registration of transfer or exchange of Securitized Bonds, other than exchanges pursuant to Sections 2.04 or 2.06 not involving any transfer.

The preceding provisions of this Section 2.05 notwithstanding, the Issuer shall not be required to make, and the Securitized Bond Registrar need not register transfers or exchanges of any Securitized Bond that has been submitted within fifteen (15) days preceding the due date for any payment with respect to such Securitized Bond until after such due date has occurred.

The transfer and exchange of Global Securitized Bonds or beneficial interests therein shall be effected through the Securities Depository, in accordance with this Indenture and the procedures of the Securities Depository therefor, which shall include restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Beneficial interests in a Securitized Bond may be transferred to persons who take delivery thereof in the form of a beneficial interest in the same Securitized Bond in accordance with the transfer restrictions set forth in the legends in Section 2.16 of this Indenture, as applicable. Transfers of beneficial interests in the Securitized Bonds to Persons required or permitted to take delivery thereof in the form of an interest in another Securitized Bond shall be permitted as follows:

(a) *Rule 144A Securitized Bond to Regulation S Securitized Bond.* If, at any time, an owner of a beneficial interest in a Rule 144A Securitized Bond deposited with the Securities Depository (or the Indenture Trustee as custodian for the Securities Depository) wishes to transfer its interest in such Rule 144A Securitized Bond to a person who is required or permitted to take delivery thereof in the form of an interest in a Regulation S Securitized Bond, such owner shall, subject to compliance with the applicable procedures described herein (the "Applicable Procedures"), exchange or cause the exchange of such interest for an equivalent beneficial interest in a Regulation S Securitized Bond as provided in this Section 2.05(a). Upon receipt by the Indenture Trustee of (1) instructions given in accordance with the Applicable Procedures from a member of, or participant in, the Securities Depository, directing the Indenture Trustee to

credit or cause to be credited a beneficial interest in the Regulation S Securitized Bond in an amount equal to the beneficial interest in the Rule 144A Securitized Bond to be exchanged, (2) a written order given in accordance with the applicable procedures containing information regarding the participant account of the Securities Depository and the Euroclear or Clearstream account to be credited with such increase, and (3) a certificate in the form of Exhibit C-1 hereto given by the Holder of such beneficial interest stating that the transfer of such interest has been made in compliance with the transfer restrictions applicable to the Securitized Bonds and pursuant to and in accordance with Rule 903 or Rule 904 of Regulation S, then the Indenture Trustee, as Securitized Bond Registrar, shall instruct the Securities Depository to reduce or cause to be reduced the initial Outstanding Amount of the applicable Rule 144A Securitized Bond and to increase or cause to be increased the initial Outstanding Amount of the applicable Regulation S Securitized Bond by the initial principal amount of the beneficial interest in the Rule 144A Securitized Bond to be exchanged, to credit or cause to be credited to the account of the person specified in such instructions a beneficial interest in the Regulation S Securitized Bond equal to the reduction in the initial Outstanding Amount of the Rule 144A Securitized Bond, and to debit, or cause to be debited, from the account of the person making such exchange or transfer the beneficial interest in the Rule 144A Securitized Bond that is being exchanged or transferred.

(b) *Regulation S Securitized Bond to Rule 144A Securitized Bond.* If, at any time an owner of a beneficial interest in a Regulation S Securitized Bond deposited with the Securities Depository or with the Indenture Trustee as custodian for the Securities Depository wishes to transfer its interest in such Regulation S Securitized Bond to a person who is required or permitted to take delivery thereof in the form of an interest in a Rule 144A Securitized Bond, such owner shall, subject to the Applicable Procedures, exchange or cause the exchange of such interest for an equivalent beneficial interest in a Rule 144A Securitized Bond as provided in this Section 2.05(b). Upon receipt by the Indenture Trustee of (1) instructions from Euroclear or Clearstream, if applicable, and the Securities Depository, directing the Indenture Trustee, as Securitized Bond Registrar, to credit or cause to be credited a beneficial interest in the Rule 144A Securitized Bond equal to the beneficial interest in the Regulation S Securitized Bond to be exchanged, such instructions to contain information regarding the participant account with the Securities Depository to be credited with such increase, (2) a written order given in accordance with the Applicable Procedures containing information regarding the participant account of the Securities Depository and (3) if such transfer is being effected prior to the expiration of the “40-day distribution compliance period” (as defined by Regulation S under the Securities Act), a certificate in the form of Exhibit C-2 attached hereto given by the Holder of such beneficial interest stating (A) if the transfer is pursuant to Rule 144A, that the person transferring such interest in a Regulation S Securitized Bond reasonably believes that the person acquiring such interest in a Rule 144A Securitized Bond is a QIB and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A and any applicable blue sky or securities laws of any state of the United States, (B) that the transfer complies with the requirements of Rule 144A under the Securities Act and any applicable blue sky or securities laws of any state of the United States or (C) if the transfer is pursuant to any other exemption from the registration requirements of the Securities Act, that the transfer of such interest has

been made in compliance with the transfer restrictions applicable to the Securitized Bonds and pursuant to and in accordance with the requirements of the exemption claimed, such statement to be supported by an Opinion of Counsel from the transferee or the transferor in form reasonably acceptable to the Issuer and to the Indenture Trustee, then the Indenture Trustee, as Securitized Bond Registrar, shall instruct the Securities Depository to reduce or cause to be reduced the initial Outstanding Amount of such Regulation S Securitized Bond and to increase or cause to be increased the initial Outstanding Amount of the applicable Rule 144A Securitized Bond by the initial principal amount of the beneficial interest in the Regulation S Securitized Bond to be exchanged, and the Indenture Trustee, as Securitized Bond Registrar, shall instruct the Securities Depository, concurrently with such reduction, to credit or cause to be credited to the account of the person specified in such instructions a beneficial interest in the applicable Rule 144A Securitized Bond equal to the reduction in the Outstanding Amount of Securitized Bonds at maturity of such Regulation S Securitized Bond and to debit or cause to be debited from the account of the person making such transfer the beneficial interest in the Regulation S Securitized Bond that is being transferred.

(c) *Transfer and Exchange from Definitive Securitized Bonds to Definitive Securitized Bonds.* When Definitive Securitized Bonds are presented by a Holder to the Securitized Bond Registrar with a request: (i) to register the transfer of Definitive Securitized Bonds in the form of other Definitive Securitized Bonds; or (ii) to exchange such Definitive Securitized Bonds for an equal principal amount of Definitive Securitized Bonds of other authorized denominations, the Securitized Bond Registrar shall register the transfer or make the exchange as requested; provided, however, that the Definitive Securitized Bonds presented or surrendered for register of transfer or exchange shall be duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Securitized Bond Registrar duly executed by such Holder or by his attorney, duly authorized in writing; and (x) if such Definitive Securitized Bond is being transferred to a QIB in accordance with Rule 144A or in an offshore transaction pursuant to Regulation S, a certification to that effect from such Holder (in the form attached as Exhibit C-3 hereto); or (y) if such Definitive Securitized Bond is being transferred in reliance on any other exemption from the registration requirements of the Securities Act, a certification to that effect from such Holder (in the form attached as Exhibit C-3 hereto) and an Opinion of Counsel from such Holder or the transferee reasonably acceptable to the Issuer and to the Indenture Trustee to the effect that such transfer is in compliance with the Securities Act.

Notwithstanding any other provision of this Indenture, a Global Securitized Bond may not be transferred except by the Securities Depository to a nominee of the Securities Depository or by a nominee of the Securities Depository to the Securities Depository or another nominee of the Securities Depository or by the Securities Depository or any such nominee to a successor Securities Depository or a nominee of such successor Securities Depository.

The Initial Purchaser shall not be required to deliver, and neither the Issuer nor the Indenture Trustee shall demand therefrom, any of the certifications or opinions described in this Section 2.05 in connection with the initial issuance of the Securitized Bonds and the delivery thereof by the Issuer.

SECTION 2.06. Mutilated, Destroyed, Lost or Stolen Securitized Bonds. If (i) any mutilated Securitized Bond is surrendered to the Indenture Trustee, or the Indenture Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Securitized Bond and (ii) there is delivered to the Indenture Trustee such security or indemnity as may be required by it to hold the Issuer and the Indenture Trustee harmless, then, in the absence of notice to the Issuer, the Securitized Bond Registrar or the Indenture Trustee that such Securitized Bond has been acquired by a Protected Purchaser, the Issuer shall, provided that the requirements of Section 8-401 of the UCC are met, execute and, upon the Issuer's written request, the Indenture Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Securitized Bond, a replacement Securitized Bond of like Tranche, tenor and principal amount, bearing a number not contemporaneously outstanding; provided, however, that if any such destroyed, lost or stolen Securitized Bond, but not a mutilated Securitized Bond, shall have become or within seven (7) days shall be due and payable, instead of issuing a replacement Securitized Bond, the Issuer may pay such destroyed, lost or stolen Securitized Bond when so due or payable without surrender thereof. If, after the delivery of such replacement Securitized Bond or payment of a destroyed, lost or stolen Securitized Bond pursuant to the proviso to the preceding sentence, a Protected Purchaser of the original Securitized Bond in lieu of which such replacement Securitized Bond was issued presents for payment such original Securitized Bond, the Issuer and the Indenture Trustee shall be entitled to recover such replacement Securitized Bond (or such payment) from the Person to whom it was delivered or any Person taking such replacement Securitized Bond from such Person to whom such replacement Securitized Bond was delivered or any assignee of such Person, except a Protected Purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Indenture Trustee in connection therewith.

Upon the issuance of any replacement Securitized Bond under this Section 2.06, the Issuer and/or the Indenture Trustee may require the payment by the Holder of such Securitized Bond of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of the Indenture Trustee and the Securitized Bond Registrar) connected therewith.

Every replacement Securitized Bond issued pursuant to this Section 2.06 in replacement of any mutilated, destroyed, lost or stolen Securitized Bond shall constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, destroyed, lost or stolen Securitized Bond shall be found at any time or enforced by any Person, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securitized Bonds duly issued hereunder.

The provisions of this Section 2.06 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securitized Bonds.

SECTION 2.07. Persons Deemed Owner. Prior to due presentment for registration of transfer of any Securitized Bond, the Issuer, the Indenture Trustee, the Securitized Bond Registrar and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name any Securitized Bond is registered (as of the day of determination) as the owner of

such Securitized Bond for the purpose of receiving payments of principal of and premium, if any, and interest on such Securitized Bond and for all other purposes whatsoever, whether or not such Securitized Bond be overdue, and neither the Issuer, the Indenture Trustee nor any agent of the Issuer or the Indenture Trustee shall be affected by notice to the contrary.

SECTION 2.08. Payment of Principal, Premium, if any, and Interest; Interest on Overdue Principal; Principal, Premium, if any, and Interest Rights Preserved.

(a) The Securitized Bonds shall accrue interest as provided in the Series Supplement at the applicable Securitized Bond Interest Rate, and such interest shall be payable on each applicable Payment Date. Any installment of interest, principal or premium, if any, payable on any Securitized Bond which is punctually paid or duly provided for on the applicable Payment Date shall be paid to the Person in whose name such Securitized Bond (or one or more Predecessor Securitized Bonds) is registered on the Record Date for such Payment Date by wire transfer to an account maintained by such Holder in accordance with payment instructions delivered to the Indenture Trustee by such Holder, except that with respect to Book-Entry Securitized Bonds, payments will be made by wire transfer in immediately available funds to the account designated by the Holder of the applicable Global Securitized Bond unless and until such Global Securitized Bond is exchanged for Definitive Securitized Bonds (in which event payments shall be made as provided above), and except for the final installment of principal and premium, if any, payable with respect to such Securitized Bond on a Payment Date which shall be payable as provided below.

(b) The principal of each Securitized Bond of each Tranche shall be paid, to the extent funds are available therefor in the Collection Account, in installments on each Payment Date as specified in the Series Supplement; provided that installments of principal not paid when scheduled to be paid in accordance with the Expected Amortization Schedule shall be paid upon receipt of money available for such purpose, in the order set forth in Section 8.02(e). Failure to pay principal in accordance with such Expected Amortization Schedule because moneys are not available pursuant to Section 8.02 to make such payments shall not constitute a Default or Event of Default under this Indenture; provided, however that failure to pay the entire unpaid principal amount of the Securitized Bonds of a Tranche upon the Final Maturity Date for the Securitized Bonds shall constitute a Default or Event of Default under this Indenture. Notwithstanding the foregoing, the entire unpaid principal amount of the Securitized Bonds shall be due and payable, if not previously paid, on the date on which an Event of Default shall have occurred and be continuing, if the Indenture Trustee or the Holders of the Securitized Bonds representing not less than a majority of the Outstanding Amount of the Securitized Bonds have declared the Securitized Bonds to be immediately due and payable in the manner provided in Section 5.02. All payments of principal and premium, if any, on the Securitized Bonds shall be made pro rata to the Holders entitled thereto unless otherwise provided in the Series Supplement. The Indenture Trustee shall notify the Person in whose name a Securitized Bond is registered at the close of business on the Record Date preceding the Payment Date on which the Issuer expects that the final installment of principal of and premium, if any, and interest on such Securitized Bond will be paid. Such notice shall be mailed no later than five (5) days prior to such final Payment Date and shall specify that such final installment will be payable only upon presentation and surrender of such Securitized Bond and shall specify the place where such Securitized Bond may be presented and surrendered for payment of such installment.

(c) If interest on the Securitized Bonds is not paid when due, such defaulted interest shall be paid (plus interest on such defaulted interest at the applicable Securitized Bond Interest Rate to the extent lawful) to the Persons who are Holders on a subsequent Special Record Date, which date shall be at least fifteen (15) Business Days prior to the Special Payment Date. The Issuer shall fix or cause to be fixed any such Special Record Date and Special Payment Date, and, at least ten (10) days before any such Special Record Date, the Issuer shall mail to each affected Holder a notice that states the Special Record Date, the Special Payment Date and the amount of defaulted interest (plus interest on such defaulted interest) to be paid.

SECTION 2.09. Cancellation. All Securitized Bonds surrendered for payment, registration of transfer or exchange shall, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and shall be promptly canceled by the Indenture Trustee. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Securitized Bonds previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Securitized Bonds so delivered shall be promptly canceled by the Indenture Trustee. No Securitized Bonds shall be authenticated in lieu of or in exchange for any Securitized Bonds canceled as provided in this Section 2.09, except as expressly permitted by this Indenture. All canceled Securitized Bonds may be held or disposed of by the Indenture Trustee in accordance with its standard retention or disposal policy as in effect at the time.

SECTION 2.10. Outstanding Amount; Authentication and Delivery of Securitized Bonds. The aggregate Outstanding Amount of Securitized Bonds that may be authenticated and delivered under this Indenture shall not exceed the aggregate of the amounts of Securitized Bonds that are authorized in the Financing Order.

Securitized Bonds created and established by the Series Supplement may at any time be executed by the Issuer and delivered to the Indenture Trustee for authentication and thereupon the same shall be authenticated and delivered by the Indenture Trustee upon Issuer Request and upon delivery by the Issuer to the Indenture Trustee, and receipt by the Indenture Trustee, or the causing to occur by the Issuer, of the following; provided, however, that compliance with such conditions and delivery of such documents shall only be required in connection with the original issuance of the Securitized Bonds:

(1) Issuer Action. An Issuer Order authorizing and directing the authentication and delivery of the Securitized Bonds by the Indenture Trustee and specifying the principal amount of Securitized Bonds to be authenticated.

(2) Authorizations. Copies of (x) the Financing Order which shall be in full force and effect and be Final, (y) certified resolutions of the Managers or Member of the Issuer authorizing the execution and delivery of the Series Supplement and the execution, authentication and delivery of such Securitized Bonds and (z) a duly executed Series Supplement for the Securitized Bonds to be issued.

(3) Opinions. An opinion or opinions, portions of which may be delivered by one or more Independent counsel for the Issuer, portions of which may be delivered by one or more Independent counsel for the Master Servicer, and portions of which may be

delivered by one or more Independent counsel for the Seller, dated the Closing Date, in each case subject to the customary exceptions, qualifications and assumptions contained therein, to the collective effect, that (a) all conditions precedent provided for in this Indenture relating to (i) the authentication and delivery of the Issuer's Securitized Bonds and (ii) the execution of the Series Supplement to this Indenture dated as of the date of this Indenture, have been complied with, and (b) the execution of the Series Supplement to this Indenture dated as of the date of this Indenture is permitted by this Indenture.

(4) Authorizing Certificate. An Officer's Certificate, dated the Closing Date, of the Issuer certifying that (a) the Issuer has duly authorized the execution and delivery of this Indenture and the Series Supplement and the execution and delivery of the Securitized Bonds and (b) that the Series Supplement for the Securitized Bonds is in the form attached thereto, and the Series Supplement shall comply with the requirements of Section 2.02.

(5) The Securitized Bond Collateral. The Issuer shall have made or caused to be made all filings with the Texas Secretary of State pursuant to the Financing Order and the Financing Act and all other filings necessary to perfect the Grant of the Securitized Bond Collateral to the Indenture Trustee and the Lien of this Indenture and the Series Supplement.

(6) Certificates of the Issuer and each Seller.

(a) An Officer's Certificate, from the Issuer, dated as of the Closing Date:

(i) to the effect that (A) the Issuer is not in Default under this Indenture and that the issuance of the Securitized Bonds will not result in any Default or in any breach of any of the terms, conditions or provisions of or constitute a default under the Financing Order or any indenture, mortgage, deed of trust or other agreement or instrument to which the Issuer is a party or by which it or its property is bound or any order of any court or administrative agency entered in any Proceeding to which the Issuer is a party or by which it or its property may be bound or to which it or its property may be subject and (B) that all conditions precedent provided in this Indenture relating to the execution, authentication and delivery of the Securitized Bonds have been complied with;

(ii) to the effect that the Issuer has not assigned any interest or participation in the Securitized Bond Collateral except for the Grant contained in the Indenture and the Series Supplement; the Issuer has the power and right to Grant the Securitized Bond Collateral to the Indenture Trustee as security hereunder and thereunder; and the Issuer, subject to the terms of this Indenture, has Granted to the Indenture Trustee a first priority perfected security interest in all of its right, title and interest in and to such Securitized Bond Collateral free and clear of any Lien, mortgage, pledge, charge, security interest, adverse claim or other encumbrance arising as a result of actions of the Issuer or through the Issuer, except Permitted Liens;

(iii) to the effect that the Issuer has appointed the firm of Independent public accountants as contemplated in Section 8.06;

(iv) to the effect that attached thereto are duly executed, true and complete copies of the Sale Agreements, the Servicing Agreements, and the Master Servicing Agreement, which are, to the knowledge of the Issuer, in full force and effect and, to the knowledge of the Issuer, that no party is in default of its obligations under such agreements; and

(v) stating that all filings with the Texas Secretary of State and the Delaware Secretary of State pursuant to the Financing Act, the UCC and the Financing Order relating to the Securitized Bonds and all UCC financing statements with respect to the Securitized Bond Collateral which are required to be filed by the terms of the Financing Order, the Financing Act, the Sale Agreements, the Servicing Agreements, the Master Servicing Agreement and this Indenture have been filed as required.

(vi) stating that (A) all conditions precedent provided for in this Indenture relating to (I) the authentication and delivery of the Issuer's Securitized Bonds, and (II) the execution of the Series Supplement to this Indenture dated as of the date of this Indenture, have been complied with, (B) the execution of the Series Supplement to this Indenture dated as of the date this Indenture is authorized or permitted by this Indenture, and (C) the Issuer has delivered the documents required under this Section 2.10 and has otherwise satisfied the requirements set out in this Section 2.10, including, but not limited to, complying with Section 2.10(a) hereof.

(b) An Officer's Certificate from each Seller, dated as of the Closing Date, to the effect that, in the case of the Securitized Property identified in the related Bill of Sale, immediately prior to the conveyance thereof to the Issuer pursuant to the Sale Agreement between such Seller and the Issuer:

(i) the Seller was the original and the sole owner of such Securitized Property, free and clear of any Lien; the Seller had not assigned any interest or participation in such Securitized Property and the proceeds thereof other than to the Issuer pursuant to the Sale Agreement; the Seller has the power, authority and right to own, sell and assign such Securitized Property and the proceeds thereof to the Issuer; and the Seller, subject to the terms of the Sale Agreement, has validly sold and assigned to the Issuer all of its right, title and interest in and to such Securitized Property and the proceeds thereof, free and clear of any Lien (other than Permitted Liens) and such sale and assignment is absolute and irrevocable and has been perfected;

(ii) the attached copy of the Financing Order creating such Securitized Property is true and complete and is in full force and effect; and



(iii) an amount equal to the allocable share of the Required Capital Level with respect to such Seller has been deposited or caused to be deposited by the Seller, directly or through the Issuer, with the Indenture Trustee for crediting to the Capital Subaccount.

(7) Accountant's Certificate or Letter. One or more certificates or letters, addressed to the Issuer, of a firm of Independent public accountants of recognized national reputation to the effect that (a) such accountants are Independent with respect to the Issuer within the meaning of this Indenture, and are independent public accountants within the meaning of the standards of the Public Company Accounting Oversight Board, and (b) with respect to the Securitized Bond Collateral, they have applied such procedures relating to certain financial information contained in the offering document for the Securitized Bonds as instructed by the addressees of such certificate or letter.

(8) Rating Agency Condition. The Indenture Trustee shall receive evidence reasonably satisfactory to it that the Securitized Bonds have received the ratings from the Rating Agency required by the Bond Purchase Agreement as a condition to the issuance of the Securitized Bonds.

(9) Requirements of Series Supplement. Such other funds, accounts, documents, certificates, agreements, instruments or opinions as may be required by the terms of the Series Supplement.

(10) Required Capital Level. Evidence satisfactory to the Indenture Trustee that the Required Capital Level has been credited to the Capital Subaccount.

(11) Other Requirements. Such other documents, certificates, agreements, instruments or opinions as the Indenture Trustee may reasonably require.

SECTION 2.11. Book-Entry Securitized Bonds. Unless the Series Supplement provides otherwise, all of the Securitized Bonds shall be issued in Book-Entry Form, and the Issuer shall execute and the Indenture Trustee shall, in accordance with this Section 2.11 and the applicable Issuer Order, authenticate and deliver one or more Global Securitized Bonds, evidencing the Securitized Bonds which (i) shall be an aggregate original principal amount equal to the aggregate original principal amount of such Securitized Bonds to be issued pursuant to the applicable Issuer Order, (ii) shall be registered in the name of the Clearing Agency therefor or its nominee, which shall initially be Cede & Co., as nominee for The Depository Trust Company, the initial Clearing Agency, (iii) shall be delivered by the Indenture Trustee pursuant to such Clearing Agency's or such nominee's instructions, and (iv) shall bear a legend substantially to the effect set forth in Exhibit A attached hereto.

Each Clearing Agency designated pursuant to this Section 2.11 must, at the time of its designation and at all times while it serves as Clearing Agency hereunder, be a "clearing agency" registered under the Exchange Act and any other applicable statute or regulation.

Securitized Bonds offered and sold within the United States to QIBs in reliance on Rule 144A on the Closing Date shall be issued initially in form of Rule 144A Securitized Bonds, which shall be deposited on behalf of the purchasers of the Securitized Bonds represented

thereby with the Indenture Trustee, as custodian for the Securities Depository, and registered in the name of the Securities Depository or a nominee of the Securities Depository, duly executed by the Issuer and authenticated by the Indenture Trustee as hereinafter provided. The Outstanding Amount of the Rule 144A Securitized Bonds may from time to time be increased or decreased by adjustments made on the records of the Indenture Trustee and the Securities Depository or its nominee as hereinafter provided. The Indenture Trustee shall not be liable for any error or omission by the Securities Depository in making such record adjustments and the records of the Indenture Trustee shall be controlling with regard to outstanding principal amount of Securitized Bonds hereunder.

Securitized Bonds offered and sold outside of the United States in reliance on Regulation S under the Securities Act shall be issued initially in the form of a Regulation S Temporary Securitized Bond, which shall be deposited on behalf of the purchasers of the Securitized Bonds represented thereby with the Indenture Trustee, as custodian for the Securities Depository, and registered in the name of the Securities Depository or the nominee of the Securities Depository for the investors' respective accounts at Euroclear Bank S.A./N.V. as operator of the Euroclear System (“Euroclear”) or Clearstream Banking société anonyme (“Clearstream”), duly executed by the Issuer and authenticated by the Indenture Trustee as hereinafter provided. Beneficial interests in the Regulation S Temporary Securitized Bonds may be held only through Euroclear or Clearstream.

Within a reasonable period of time following the expiration of the “40-day distribution compliance period” (as defined in Regulation S), beneficial interests in the Regulation S Temporary Securitized Bond shall be exchanged for beneficial interests in Regulation S Permanent Securitized Bonds upon an Officer's Certificate from the Issuer. The Regulation S Permanent Securitized Bonds will be deposited with the Indenture Trustee, as custodian, and registered in the name of a nominee of the Securities Depository. Simultaneously with the authentication of the Regulation S Permanent Securitized Bonds, the Indenture Trustee shall cancel the Regulation S Temporary Securitized Bond. The Outstanding Amount of the Regulation S Temporary Securitized Bond and the Regulation S Permanent Securitized Bonds may from time to time be increased or decreased by adjustments made on the records of the Indenture Trustee and the Securities Depository or its nominee, as the case may be, in connection with transfers of interest as hereinafter provided. The Indenture Trustee shall incur no liability for any error or omission of the Securities Depository in making such record adjustments and the records of the Indenture Trustee shall be controlling with regard to outstanding principal amount of Regulation S Securitized Bonds hereunder.

The provisions of the “Operating Procedures of the Euroclear System” and “Terms and Conditions Governing Use of Euroclear” and the “Management Regulations” and “Instructions to Participants” of Clearstream shall be applicable to interests in the Regulation S Temporary Securitized Bond and the Regulation S Permanent Securitized Bonds that are held by the members of, or participants in, the Securities Depository through Euroclear or Clearstream.

No Holder of the Securitized Bonds issued in Book-Entry Form shall receive a Definitive Securitized Bond representing such Holder's interest in any such Securitized Bonds, except as provided in Section 2.13. Unless (and until) certificated, fully registered Securitized

Bonds (the “Definitive Securitized Bonds”) have been issued to the Holders pursuant to Section 2.13 or pursuant to the Series Supplement relating thereto:

- (a) the provisions of this Section 2.11 shall be in full force and effect;
- (b) the Issuer, the Master Servicer, the Paying Agent, the Securitized Bond Registrar and the Indenture Trustee may deal with the Clearing Agency for all purposes (including the making of distributions on the Securitized Bonds and the giving of instructions or directions hereunder) as the authorized representatives of the Holders;
- (c) to the extent that the provisions of this Section 2.11 conflict with any other provisions of this Indenture, the provisions of this Section 2.11 shall control;
- (d) the rights of Holders of the Securitized Bonds shall be exercised only through the Clearing Agency and the Clearing Agency Participants and shall be limited to those established by law and agreements between such Holders and the Clearing Agency and/or the Clearing Agency Participants. Pursuant to the Letter of Representations, unless and until Definitive Securitized Bonds are issued pursuant to Section 2.13, the initial Clearing Agency will make book-entry transfers among the Clearing Agency Participants and receive and transmit distributions of principal and interest on the Book-Entry Securitized Bonds to such Clearing Agency Participants; and
- (e) whenever this Indenture requires or permits actions to be taken based upon instruction or directions of the Holders evidencing a specified percentage of the Outstanding Amount of the Securitized Bonds, the Clearing Agency shall be deemed to represent such percentage only to the extent that it has received instructions to such effect from the Holders and/or the Clearing Agency Participants owning or representing, respectively, such required percentage of the beneficial interest in the Securitized Bonds and has delivered such instructions to a Responsible Officer of the Indenture Trustee.

SECTION 2.12. Notices to Clearing Agency. Unless and until Definitive Securitized Bonds shall have been issued to Holders pursuant to Section 2.13, whenever notice, payment, or other communications to the holders of Book-Entry Securitized Bonds is required under this Indenture, the Indenture Trustee, the Master Servicer and the Paying Agent, as applicable, shall make all such payments to, and give all such notices and communications specified herein; to be given to Holders to the Clearing Agency.

SECTION 2.13. Definitive Securitized Bonds. If (a) (i) the Issuer advises the Indenture Trustee in writing that the Clearing Agency is no longer willing or able to properly discharge its responsibilities under any Letter of Representations and (ii) the Issuer is unable to locate a qualified successor Clearing Agency, (b) the Issuer, at its option, advises the Indenture Trustee in writing that it elects to terminate the book-entry system through the Clearing Agency or (c) after the occurrence of an Event of Default hereunder, Holders holding Securitized Bonds aggregating not less than a majority of the aggregate Outstanding Amount of the Securitized Bonds maintained as Book-Entry Securitized Bonds advise the Indenture Trustee, the Issuer and the Clearing Agency (through the Clearing Agency Participants) in writing that the continuation of a book-entry system through the Clearing Agency is no longer in the best interests of the

Holders, the Issuer shall notify the Clearing Agency, the Indenture Trustee and all such Holders in writing of the occurrence of any such event and of the availability of Definitive Securitized Bonds to the Holders requesting the same. Upon surrender to the Indenture Trustee of the Global Securitized Bonds by the Clearing Agency accompanied by registration instructions from such Clearing Agency for registration, the Issuer shall execute, and the Indenture Trustee shall authenticate and deliver, Definitive Securitized Bonds in accordance with the instructions of the Clearing Agency. None of the Issuer, the Securitized Bond Registrar, the Paying Agent or the Indenture Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be fully protected in relying on, such instructions. Upon the issuance of Definitive Securitized Bonds, the Indenture Trustee shall recognize the Holders of the Definitive Securitized Bonds as Holders hereunder.

Definitive Securitized Bonds will be transferable and exchangeable, in accordance with the terms hereof, at the offices of the Securitized Bonds Registrar. With respect to any transfer of such Definitive Securitized Bonds, the new Definitive Securitized Bonds registered in the names specified by the transferee and the original transferor shall be available at the offices of such transfer agent.

**SECTION 2.14. CUSIP Number.** The Issuer in issuing any Securitized Bond may use a “CUSIP” number and, if so used, the Indenture Trustee shall use the CUSIP number provided to it by the Issuer in any notices to the Holders thereof as a convenience to such Holders; provided, that any such notice may state that no representation is made as to the correctness or accuracy of the CUSIP number printed in the notice or on the Securitized Bonds and that reliance may be placed only on the other identification numbers printed on the Securitized Bonds. The Issuer shall promptly notify the Indenture Trustee in writing of any change in the CUSIP number with respect to any Securitized Bond.

**SECTION 2.15. Letter of Representations.** Notwithstanding anything to the contrary in this Indenture or the Series Supplement, the parties hereto shall comply with the terms of each Letter of Representations applicable to such party.

**SECTION 2.16. Restrictions on Transfer.** Each Person who has or who acquires any ownership interest in a Securitized Bond shall be deemed by the acceptance or acquisition of such ownership interest to have agreed to be bound by the provisions of this Section 2.16. Each purchaser of Securitized Bonds, other than the Initial Purchaser, will be deemed to have represented and agreed as follows:

(a) The purchaser (A) (1) is a QIB, (2) is aware that the sale to it is being made in reliance on Rule 144A and (3) is acquiring the Securitized Bonds or interests therein for its own account or for the account of a QIB; or (B) is not a U.S. person and is purchasing the Securitized Bonds or interests therein in an offshore transaction pursuant to Regulation S.

(b) The purchaser understands that the Securitized Bonds and interests therein are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the Securitized Bonds have not been and will not be registered under the Securities Act and that (A) if in the future it decides to offer, resell, pledge or otherwise transfer any of the Securitized Bonds or any interests therein, the Securitized Bonds

(or the interests therein) may not be offered, resold, pledged or otherwise transferred in its Minimum Denomination of lower than \$[100,000], and, in integral multiples of \$[1,000] in excess thereof, and only (1) in the United States to a person whom the seller reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (2) outside the United States in a transaction complying with the provisions of Regulation S under the Securities Act, or (3) pursuant to another exemption from registration under the Securities Act (if available and evidenced by an opinion of counsel acceptable to the Issuer and Indenture Trustee), in each of cases (1) through (3) in accordance with any applicable securities laws of any State of the United States and any other applicable jurisdiction, and that (B) the purchaser will, and each subsequent Holder is required to, notify any subsequent purchaser of such Securitized Bonds or interests therein from it of the resale restrictions referred to in (A) above. Notwithstanding the foregoing restriction, any Securitized Bond that has originally been properly issued in an amount no less than the Minimum Denomination, or any interest therein, may be offered, resold, pledged or otherwise transferred in a denomination less than the Minimum Denomination if such lesser denomination is solely a result of a reduction of principal due to payments made in accordance with the Indenture.

(c) The purchaser understands that the Securitized Bonds will bear a legend substantially to the following effect:

(i) THIS SECURITIZED BOND (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND NEITHER THIS SECURITIZED BOND NOR ANY INTEREST HEREIN MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITIZED BOND OR ANY INTEREST HEREIN IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITIZED BOND OR INTEREST HEREIN MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

(ii) THE HOLDER OF THIS SECURITIZED BOND OR ANY INTEREST HEREIN AGREES FOR THE BENEFIT OF THE ISSUER THAT (A) THIS SECURITIZED BOND AND ANY INTEREST HEREIN MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN MINIMUM DENOMINATIONS OF LESS THAN \$[100,000] AND IN INTEGRAL MULTIPLES OF \$[1,000] IN EXCESS THEREOF, AND ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S, OR (III) PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE AND EVIDENCED BY AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER AND INDENTURE TRUSTEE), IN EACH OF CASES (I) THROUGH (III) IN ACCORDANCE WITH ANY APPLICABLE

SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITIZED BOND OR ANY INTEREST HEREIN FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE. NOTWITHSTANDING THE FOREGOING RESTRICTION, ANY SECURITIZED BOND THAT HAS ORIGINALLY BEEN PROPERLY ISSUED IN AN AMOUNT NO LESS THAN THE MINIMUM DENOMINATION, OR ANY INTEREST THEREIN, MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN A DENOMINATION LESS THAN THE MINIMUM DENOMINATION IF SUCH LESSER DENOMINATION IS SOLELY A RESULT OF A REDUCTION OF PRINCIPAL DUE TO PAYMENTS MADE IN ACCORDANCE WITH THE INDENTURE.

(iii) THE PURCHASER UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN THE SECURITIZED BONDS FROM THE SECURITIES DEPOSITORY.

(d) The purchaser understands that any Securitized Bond offered in reliance on Regulation S will, during the 40-day distribution compliance period commencing on the day after the later of the commencement of the offering and the date of original issuance of the Securitized Bonds, bear a legend substantially to the following effect:

(i) THIS SECURITIZED BOND IS A TEMPORARY SECURITIZED BOND FOR PURPOSES OF REGULATION S UNDER THE SECURITIES ACT WHICH IS EXCHANGEABLE FOR A PERMANENT REGULATION S SECURITIZED BOND SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THE INDENTURE.

(ii) PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE ORIGINAL ISSUE DATE OF THE SECURITIZED BONDS, THIS SECURITIZED BOND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO A U.S. PERSON EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

(e) Following the 40-day distribution compliance period, interests in a Regulation S Temporary Securitized Bond will be exchanged for interests in a Regulation S Permanent Securitized Bond.

(f) Each purchaser and transferee by its purchase of an Securitized Bond or interest therein shall be deemed to have represented and warranted that either (a) it is not, and is not directly or indirectly acquiring the Securitized Bond or interest therein for or on behalf of or with the assets of any employee benefit plan as defined in Section 3(3) of the Employment Retirement Income Security Act of 1974, as amended (“ERISA”) that is subject to Title I of ERISA or any other “plan” as defined in Section 4975(e)(1) of the Code that is subject to Section 4975 of the Code or any entity whose underlying assets include plan assets by reason of an employee benefit plan’s or plan’s investment in such entity (each a “Benefit Plan Investor”), or any “governmental plan” within the meaning of Section 3(32) of ERISA, church plan or other

plan not subject to Title I of ERISA or Section 4975 of the Code that is subject to any provision of state or local or other law that is substantially similar to the foregoing provisions of ERISA or the Code (“Similar Law”), or (b) if the purchaser or transferee is a Benefit Plan Investor or a plan subject to Similar Law, the purchaser and transferee and the fiduciary of such Benefit Plan Investor or plan by its purchase of the Securitized Bond or interest therein shall be deemed to have represented and warranted that the purchase and holding of the Securitized Bonds or interest therein will not result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or Similar Law.

(g) The purchaser understands that the Issuer may receive a list of participants holding positions in the Securitized Bonds from the Securities Depository.

#### SECTION 2.17. Tax Treatment.

(a) The Issuer and the Indenture Trustee, by entering into this Indenture, and the Holders and any Persons holding a beneficial interest in any Securitized Bond, by acquiring any Securitized Bond or interest therein, (a) express their intention that, solely for the purposes of federal taxes and, to the extent consistent with applicable State, local and other tax law, solely for the purposes of State, local and other taxes, the Securitized Bonds qualify under applicable tax law as indebtedness of the Participating Members secured by the Securitized Bond Collateral and (b) solely for the purposes of federal taxes and, to the extent consistent with applicable State, local and other tax law, solely for purposes of State, local and other taxes, so long as any of the Securitized Bonds are outstanding, agree to treat the Securitized Bonds as indebtedness of the Participating Members secured by the Securitized Bond Collateral unless otherwise required by appropriate taxing authorities.

(b) Each holder of a Securitized Bond shall timely furnish the Issuer and the Indenture Trustee or their agents any U.S. federal income tax form or certification (including, without limitation, IRS Form W-8BEN, IRS Form W-8BEN-E, IRS Form W-8IMY (with appropriate attachments), IRS Form W-9 or IRS Form W-8ECI or any successors to such IRS forms and any forms required pursuant to Sections 1471 through 1474 of the Code, if applicable) prior to the first Payment Date and at such time or times as required by law or that the Issuer, the Indenture Trustee or their respective agents may reasonably request and shall update or replace such form or certification in accordance with its terms or its subsequent amendments.

SECTION 2.18. State Pledge. Securitized Bonds are “securitized bonds” as such term is defined in the Financing Act. Principal and interest due and payable on the Securitized Bonds are payable from and secured primarily by Securitized Property created and established by the Financing Order approved by the Board of each Seller in a “combined securitization transaction.” Securitized Property consists of the rights and interests of each of the Sellers in the Financing Order, including the right of each Seller to impose, collect and recover certain charges (defined in the Financing Act as “securitized charges”, including such charges as set forth in Section 41.153 of the Financing Act) to be included in regular electric utility bills of all existing and future electric service Customers within each of the Seller’s service territory as it exists as of the date of issuance of the Financing Order, or its successors or assigns, as more fully described in the Financing Order. Under the laws of the State of Texas in effect on the Closing Date, the

State of Texas has agreed for the benefit of the Holders and the Indenture Trustee, pursuant to Section 41.160 of the Financing Act, as follows:

“Securitized bonds are not a debt or obligation of the state and are not a charge on its full faith and credit or taxing power. The state pledges, however, for the benefit and protection of assignees, financing parties, and the electric cooperative, that it will not take or permit, or permit any agency or other governmental authority or political subdivision of the state to take or permit, any action that would impair the value of securitized property, or, except as permitted by Section 41.157, reduce, alter, or impair the securitized charges to be imposed, collected, and remitted to financing parties, until the principal, interest and premium, and any other charges incurred and contracts to be performed in connection with the related securitized bonds have been paid and performed in full. Any party issuing securitized bonds is authorized to include this pledge in any documentation relating to those bonds.”

The Issuer hereby acknowledges that the purchase of any Securitized Bond by a Holder or the purchase of any beneficial interest in a Securitized Bond by any Person and the Indenture Trustee’s obligations to perform hereunder are made in reliance on such agreement and pledge by the State of Texas.

SECTION 2.19. Security Interests. The Issuer hereby makes the following representations and warranties.

(a) Other than the security interests granted to the Indenture Trustee pursuant to this Indenture, the Issuer has not pledged, granted, sold, conveyed or otherwise assigned any interests or security interests in the Securitized Bond Collateral and no security agreement, financing statement or equivalent security or Lien instrument listing the Issuer as debtor covering all or any part of the Securitized Bond Collateral is on file or of record in any jurisdiction, except such as may have been filed, recorded or made by the Issuer in favor of the Indenture Trustee on behalf of the Secured Parties in connection with this Indenture;

(b) This Indenture, together with the Series Supplement, constitutes a valid and continuing lien on, and first priority perfected security interest in, the Securitized Bond Collateral in favor of the Indenture Trustee on behalf of the Secured Parties, which lien and security interest is prior to all other Liens and is enforceable as such as against creditors of and purchasers from the Issuer in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors’ rights generally or by general equitable principles, whether considered in a proceeding at law or in equity and by an implied covenant of good faith and fair dealing;

(c) With respect to all Securitized Bond Collateral, this Indenture, together with the Series Supplement, creates a valid and continuing first priority perfected security interest (as defined in the UCC and as such term is used in the Financing Act) in such Securitized Bond Collateral, which security interest is prior to all other Liens and is enforceable as such as against creditors of and purchasers from the Issuer in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization,



moratorium and other similar laws affecting creditors' rights generally or by general equitable principles, whether considered in a proceeding at law or in equity and by an implied covenant of good faith and fair dealing;

(d) The Issuer has good title to the Securitized Bond Collateral in accordance with the Financing Act, free and clear of any Lien, claim or encumbrance of any Person other than Permitted Liens;

(e) All of the Securitized Bond Collateral constitutes either Securitized Property or accounts, deposit accounts, investment property or general intangibles (as each such term is defined in the UCC) except that proceeds of the Securitized Bond Collateral may also take the form of instruments or money;

(f) The Issuer has taken, or caused the Master Servicer and the Member Servicers to take, all action necessary to perfect the security interest in the Securitized Bond Collateral granted to the Indenture Trustee, for the benefit of the Secured Parties;

(g) The Issuer has filed (or has caused the Master Servicer and the Member Servicers to file) all appropriate financing statements in the proper filing offices in the appropriate jurisdictions under applicable law in order to perfect the security interest in the Securitized Bond Collateral granted to the Indenture Trustee;

(h) The Issuer has not authorized the filing of and is not aware, after due inquiry, of any financing statements against the Issuer that include a description of the Securitized Bond Collateral other than those filed in favor of the Indenture Trustee;

(i) The Issuer is not aware of any judgment or tax Lien filings against the Issuer;

(j) The Collection Account (including all subaccounts thereof) constitutes a "securities account" within the meaning of the UCC;

(k) The Issuer has taken all steps necessary to cause the Securities Intermediary of each such Securities Account to identify in its records the Indenture Trustee as the Person having a Security Entitlement against the Securities Intermediary in such Securities Account, the Collection Account is not in the name of any person other than the Indenture Trustee, and the Issuer has not consented to the Securities Intermediary to comply with entitlement orders of any Person other than the Indenture Trustee;

(l) All of the Securitized Bond Collateral constituting investment property has been and will have been credited to the Collection Account or a subaccount thereof, and the Securities Intermediary for the Collection Account has agreed to treat all assets (other than cash) credited to the Collection Account as Financial Assets. Accordingly, the Indenture Trustee has a first priority perfected security interest in the Collection Account, all funds and Financial Assets on deposit therein, and all securities entitlements relating thereto; and

(m) The representations and warranties set forth in this Section 2.19 shall survive the execution and delivery of this Indenture and the issuance of any Securitized Bonds,

shall be deemed re-made on each date on which any funds in the Collection Account are distributed to Issuer or otherwise released from the Lien of this Indenture and the Series Supplement and may not be waived by any party hereto except pursuant to a supplemental indenture executed in accordance with Article IX and as to which the Rating Agency Condition has been satisfied.

### ARTICLE III

#### COVENANTS

SECTION 3.01. Payment of Principal, Premium, if any, and Interest. The principal of and premium, if any, and interest on the Securitized Bonds shall be duly and punctually paid by the Issuer, or the Member Servicers on behalf of the Issuer, in accordance with the terms of the Securitized Bonds and this Indenture; provided that except on a Final Maturity Date or upon the acceleration of the Securitized Bonds following the occurrence of an Event of Default, the Issuer shall only be obligated to pay the principal of such Securitized Bonds on each Payment Date therefor to the extent moneys are available for such payment pursuant to Section 8.02. Amounts properly withheld under the Code or other tax laws by any Person from a payment to any Holder of interest or principal or premium, if any, shall be considered as having been paid by the Issuer to such Holder for all purposes of this Indenture.

SECTION 3.02. Maintenance of Office or Agency. The Issuer shall maintain in the Borough of Manhattan, the City of New York, an office or agency at the Corporate Trust Office where Securitized Bonds may be surrendered for registration of transfer or exchange. The Issuer hereby initially appoints the Indenture Trustee to serve as its agent for the foregoing purposes. The Issuer shall give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of any such office or agency. If at any time the Issuer shall fail to maintain any such office or agency or shall fail to furnish the Indenture Trustee with the address thereof, such surrenders may be made at the office of the Indenture Trustee located at the Corporate Trust Office, and the Issuer hereby appoints the Indenture Trustee as its agent to receive all such surrenders.

SECTION 3.03. Money for Payments To Be Held in Trust. As provided in Section 8.02(a), all payments of amounts due and payable with respect to any Securitized Bonds that are to be made from amounts withdrawn from the Collection Account pursuant to Section 8.02(d) shall be made on behalf of the Issuer by the Indenture Trustee or by another Paying Agent, and no amounts so withdrawn from the Collection Account for payments with respect to any Securitized Bonds shall be paid over to the Issuer except as provided in this Section 3.03 and Section 8.02.

Each Paying Agent shall meet the eligibility criteria set forth for any Indenture Trustee under Section 6.11. The Issuer will cause each Paying Agent other than the Indenture Trustee to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent shall agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it hereby so agrees), subject to the provisions of this Section 3.03, that such Paying Agent will:

(i) hold all sums held by it for the payment of amounts due with respect to the Securitized Bonds in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided;

(ii) give the Indenture Trustee and the Rating Agency written notice of any Default by the Issuer of which it has actual knowledge (and if the Indenture Trustee is the Paying Agent, a Responsible Officer of the Paying Agent has actual knowledge) in the making of any payment required to be made with respect to the Securitized Bonds;

(iii) at any time during the continuance of any such Default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) immediately resign as a Paying Agent and forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Securitized Bonds if at any time the Paying Agent determines that it has ceased to meet the standards required to be met by a Paying Agent at the time of such determination; and

(v) comply with all requirements of the Code and other tax laws with respect to the withholding from any payments made by it on any Securitized Bonds of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Issuer Order direct any Paying Agent to pay to the Indenture Trustee all sums held in trust by such Paying Agent, such sums to be held by the Indenture Trustee upon the same trusts as those upon which the sums were held by such Paying Agent; and upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Subject to applicable laws with respect to escheat of funds, any money held by the Indenture Trustee or any Paying Agent in trust for the payment of any amount due with respect to any Securitized Bond and remaining unclaimed for two (2) years after such amount has become due and payable shall be discharged from such trust and be paid to the Issuer on an Issuer Request; and, subject to Section 10.16, the Holder of such Securitized Bond shall thereafter, as an unsecured general creditor, look only to the Issuer for payment thereof (but only to the extent of the amounts so paid to the Issuer), and all liability of the Indenture Trustee or such Paying Agent with respect to such trust money shall thereupon cease; provided, however, that the Indenture Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Issuer, cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in The City of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than thirty (30) days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Issuer. The Indenture Trustee may also adopt and employ, at the expense of the Issuer, any other reasonable means of notification of such repayment (including mailing notice of such repayment

to Holders whose right to or interest in moneys due and payable but not claimed is determinable from the records of the Indenture Trustee or of any Paying Agent, at the last address of record for each such Holder).

SECTION 3.04. Existence. The Issuer shall keep in full effect its existence, rights and franchises as a limited liability company under the laws of the State of Delaware (unless it becomes, or any successor Issuer hereunder is or becomes, organized under the laws of any other State or of the United States of America, in which case the Issuer will keep in full effect its existence, rights and franchises under the laws of such other jurisdiction) and will obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Indenture, the other Basic Documents, the Securitized Bonds, the Securitized Bond Collateral and each other instrument or agreement referenced herein or therein.

SECTION 3.05. Protection of Securitized Bond Collateral. The Issuer shall from time to time execute and deliver all such supplements and amendments hereto and all filings with the Texas Secretary of State pursuant to the Financing Order or the Financing Act and all financing statements, continuation statements, instruments of further assurance and other instruments, and shall take such other action necessary or advisable to:

- (i) maintain or preserve the Lien and security interest (and the priority thereof) of this Indenture and the Series Supplement or carry out more effectively the purposes hereof;
- (ii) perfect, publish notice of or protect the validity of any Grant made or to be made by this Indenture;
- (iii) enforce any of the Securitized Bond Collateral;
- (iv) preserve and defend title to the Securitized Bond Collateral and the rights of the Indenture Trustee and the Holders in such Securitized Bond Collateral against the Claims of all Persons and parties, including, without limitation, the challenge by any party to the validity or enforceability of the Financing Order, any Tariff, the Securitized Property or any proceeding relating thereto and institute any action or proceeding necessary to compel performance by the State of Texas of any of its obligations or duties under the Financing Act, the State Pledge, or the Financing Order or any Tariff; or
- (v) pay any and all taxes levied or assessed upon all or any part of the Securitized Bond Collateral.

The Issuer hereby designates the Indenture Trustee its agent and attorney-in-fact to execute or authorize, as the case may be, any filings with the Texas Secretary of State, financing statements, continuation statements or other instrument required pursuant to this Section 3.05, it being understood that the Indenture Trustee shall have no such obligation or any duty to prepare or file such documents. The Indenture Trustee is specifically authorized, upon written direction of the Issuer or Master Servicer, to file financing statements covering the Securitized Bond Collateral, including, without limitation, financing statements that describe the Securitized Bond Collateral as “all assets” or “all personal property” of the Issuer.

SECTION 3.06. Opinions as to Securitized Bond Collateral.

(a) On the Closing Date, the Issuer shall furnish to the Indenture Trustee an Opinion of Counsel of Independent counsel of the Issuer either stating that, in the opinion of such counsel, such action has been taken with respect to the recording and filing of this Indenture, any indentures supplemental hereto, and any other requisite documents, and with respect to the execution and filing of any filings with the Texas Secretary of State pursuant to the Financing Act and the Financing Order and any financing statements and continuation statements, as are necessary to perfect and make effective the Lien, and the perfected security interest created by this Indenture and the Series Supplement and reciting the details of such action and, based on a review of a current report of the appropriate governmental filing office, no other financing statement has been filed under the applicable Uniform Commercial Code, or stating that, in the opinion of such counsel, no such action is necessary to make effective such Lien and security interest.

(b) Within ninety (90) days after the beginning of each calendar year beginning with the calendar year beginning January 1, 2023, the Issuer shall furnish to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer either stating that, in the opinion of such counsel, such action has been taken with respect to the recording, filing, re-recording and re-filing of this Indenture, any indentures supplemental hereto and any other requisite documents and with respect to the execution and filing of any filings with the Texas Secretary of State pursuant to the Financing Act and the Financing Order and any financing statements and continuation statements as are necessary to maintain the Lien and the first priority perfected security interest created by this Indenture and the Series Supplement, and reciting the details of such action or stating that, in the opinion of such counsel, no such action is necessary to maintain such Lien and security interest. Such Opinion of Counsel shall also describe the recording, filing, re-recording and re-filing of this Indenture, any indentures supplemental hereto and any other requisite documents and the execution and filing of any filings with the Texas Secretary of State, financing statements and continuation statements that will, in the opinion of such counsel, be required within the twelve-month period following the date of such opinion to maintain the Lien and the first priority perfected security interest created by this Indenture and the Series Supplement.

(c) Prior to the effectiveness of any amendment to any Sale Agreement, any Servicing Agreement, or the Master Servicing Agreement, the Issuer shall furnish to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer either (i) stating that, in the opinion of such counsel, all filings, including UCC financing statements and other filings with the Texas Secretary of State pursuant to the Financing Act or the Financing Order, have been executed and filed that are necessary fully to maintain the Lien and security interest of the Issuer and the Indenture Trustee in the Securitized Property and the Securitized Bond Collateral, respectively, and the proceeds thereof, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (ii) stating that, in the opinion of such counsel, no such action shall be necessary to maintain such Lien and security interest.

SECTION 3.07. Performance of Obligations; Servicing.

(a) The Issuer (i) shall diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Securitized Bond Collateral and (ii) shall not take any action and shall use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Series Supplement, the Sale Agreements, the Servicing Agreements, the Master Servicing Agreement, or such other instrument or agreement.

(b) The Issuer may contract with other Persons to assist it in performing its duties under this Indenture, and any performance of such duties by a Person identified to the Indenture Trustee herein or in an Officer's Certificate shall be deemed to be action taken by the Issuer. Initially, the Issuer has contracted with the Master Servicer and the Member Servicers to assist the Issuer in performing its duties under this Indenture.

(c) The Issuer shall punctually perform and observe all of its obligations and agreements contained in this Indenture, the Series Supplement, the other Basic Documents and in the instruments and agreements included in the Securitized Bond Collateral, including filing or causing to be filed all filings with the Texas Secretary of State pursuant to the Financing Act or the Financing Order, all UCC financing statements and continuation statements required to be filed by it by the terms of this Indenture, the Series Supplement, the Sale Agreements, the Servicing Agreements and the Master Servicing Agreement in accordance with and within the time periods provided for herein and therein.

(d) If the Issuer shall have knowledge of the occurrence of a Servicer Default under any of the Servicing Agreements or a Master Servicer Default under the Master Servicing Agreement, the Issuer shall promptly give written notice thereof to the Indenture Trustee and the Rating Agency, and shall specify in such notice the response or action, if any, the Issuer has taken or is taking with respect to such default. If a Servicer Default shall arise from the failure of any Member Servicer or the Master Servicer to perform any of their respective duties or obligations under the applicable Servicing Agreement, or, with respect to the Master Servicer, under the Master Servicing Agreement, with respect to the Securitized Property, the Securitized Bond Collateral or the Securitized Charges, the Issuer shall take all reasonable steps available to it to remedy such failure.

(e) (i) As promptly as possible after the giving of notice of termination to a Member Servicer and the Rating Agency of the Member Servicer's rights and powers pursuant to Section 7.01 of any of the Servicing Agreement, the Indenture Trustee shall, at the written direction of the Holders evidencing not less than a majority of the Outstanding Amount of the Securitized Bonds, appoint a successor Member Servicer (the "Successor Member Servicer"), and such Successor Member Servicer shall accept its appointment by a written assumption in a form acceptable to the Issuer and the Indenture Trustee. A Person shall qualify as a

Successor Member Servicer only if such Person satisfies the requirements of the applicable Servicing Agreement. If within thirty (30) days after the delivery of the notice referred to above, a new Member Servicer shall not have been appointed, the Indenture Trustee may petition a court of competent jurisdiction to appoint a Successor Member Servicer. In connection with any such appointment, Brazos may make such arrangements for the compensation of such Successor Member Servicer as it and such successor shall agree, subject to the limitations set forth in Section 8.02 of this Indenture and in the applicable Servicing Agreement.

(ii) As promptly as possible after the giving of notice of termination to the Master Servicer and the Rating Agency of the Master Servicer's rights and powers pursuant to Section 7.01 of the Master Servicing Agreement, the Indenture Trustee shall, at the written direction of the Holders evidencing not less than a majority of the Outstanding Amount of the Securitized Bonds, appoint a successor Master Servicer (the "Successor Master Servicer"), and such Successor Master Servicer shall accept its appointment by a written assumption in a form acceptable to the Issuer and the Indenture Trustee. A Person shall qualify as a Successor Master Servicer only if such Person satisfies the requirements of the Master Servicing Agreement. If within thirty (30) days after the delivery of the notice referred to above, a new Master Servicer shall not have been appointed, the Indenture Trustee may petition a court of competent jurisdiction to appoint a Successor Master Servicer. In connection with any such appointment, Brazos may make such arrangements for the compensation of such Successor Master Servicer as it and such successor shall agree, subject to the limitations set forth in Section 8.02 of this Indenture and in the Master Servicing Agreement.

(f) Upon any termination of the any Member Servicer's rights and powers pursuant to each of the Servicing Agreements or the Master Servicer's rights and powers pursuant to the Master Servicing Agreement, the Indenture Trustee shall promptly notify the Issuer, the Holders and the Rating Agency. As soon as a Successor Member Servicer or a Successor Master Servicer is appointed, the Indenture Trustee shall notify the Issuer, the Holders and the Rating Agency of such appointment, specifying in such notice the name and address of such Successor Member Servicer or Successor Master Servicer, as applicable.

(g) The Issuer shall (or shall cause the Master Servicer to) direct the Indenture Trustee to post on its website for investors the following information with respect to the Outstanding Securitized Bonds, in each case to the extent such information is reasonably available to the Issuer:

(i) the final Offering Memorandum;

(ii) statements of any remittances of Securitized Charges made to the Indenture Trustee;

(iii) a statement reporting the balances in the Collection Account and in each subaccount of the Collection Account as of the end of each quarter or the most recent date available;

(iv) a statement showing the balance of Outstanding Securitized Bonds that reflects the actual periodic payments made on the Securitized Bonds during the applicable period;

(v) the Semi-Annual Servicer's Certificate and the Monthly Servicer's Certificates which are required to be submitted pursuant to, respectively, the Master Servicing Agreement and each of the Servicing Agreements;

(vi) the text (or a link to the website where a reader can find the text) of each filing of a True-Up Letter and the results of each such filing;

(vii) any change in the long-term or short-term credit ratings of the Master Servicer or any Member Servicer, if any, assigned by any NRSRO<sup>1</sup>, as applicable; and

(viii) material legislative or regulatory developments directly relevant to the Outstanding Securitized Bonds.

The address of the Indenture Trustee's website for investors is <https://getinvestorreporting.bnymellon.com>. Access to the Indenture Trustee's website will be provided to Bondholders that provide appropriate certification in the form furnished by the Indenture Trustee (which form may be furnished and submitted electronically via the Indenture Trustee's website). The Indenture Trustee shall promptly notify the Issuer, the Bondholders and the Rating Agency of any change to the address of the website for investors.

(h) The Issuer shall make all filings required under the Financing Act relating to the transfer of the ownership or security interest in the Securitized Property other than those required to be made by the Sellers, the Master Servicer, or the Member Servicers pursuant to the Basic Documents.

SECTION 3.08. Certain Negative Covenants. So long as any Securitized Bonds are Outstanding, the Issuer shall not:

(i) except as expressly permitted by this Indenture and the other Basic Documents, sell, transfer, exchange or otherwise dispose of any of the properties or assets of the Issuer, including those included in the Securitized Bond Collateral, unless directed to do so by the Indenture Trustee in accordance with Article V;

(ii) claim any credit on, or make any deduction from the principal or premium, if any, or interest payable in respect of, the Securitized Bonds (other than amounts properly withheld from such payments under the Code or other tax laws) or assert any

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<sup>1</sup> Define term in Appendix A



claim against any present or former Holder by reason of the payment of the taxes levied or assessed upon any part of the Securitized Bond Collateral;

(iii) terminate its existence or dissolve or liquidate in whole or in part, except in a transaction permitted by Section 3.10;

(iv) (A) permit the validity or effectiveness of this Indenture or the other Basic Documents to be impaired, or permit the Lien of this Indenture and the Series Supplement to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations with respect to the Securitized Bonds under this Indenture except as may be expressly permitted hereby, (B) permit any Lien (other than the Lien of this Indenture or the Series Supplement) to be created on or extend to or otherwise arise upon or burden the Securitized Bond Collateral or any part thereof or any interest therein or the proceeds thereof (other than tax liens arising by operation of law with respect to amounts not yet due) or (C) permit the Lien of this Indenture and the Series Supplement not to constitute a valid first priority perfected security interest in the Securitized Bond Collateral;

(v) enter into any swap, hedge or similar financial instrument;

(vi) elect to be classified as an association taxable as a corporation for federal income tax purposes or otherwise take any action, file any tax return, or make any election inconsistent with the treatment of the Issuer, for purposes of federal taxes and, to the extent consistent with applicable state tax law, state income and franchise tax purposes, as a disregarded entity that is not separate from the sole owner of the Issuer;

(vii) change its name, identity or structure or the location of its chief executive office, unless at least ten (10) Business Days' prior to the effective date of any such change the Issuer delivers to the Indenture Trustee (with copies to the Rating Agency) such documents, instruments or agreements, executed by the Issuer, as are necessary to reflect such change and to continue the perfection of the security interest of this Indenture and the Series Supplement;

(viii) take any action which is subject to the Rating Agency Condition without satisfying the Rating Agency Condition; or

(ix) issue any Securitized Bonds under the Financing Act or any similar law (other than the Securitized Bonds issued under the terms of this Indenture).

**SECTION 3.09. Annual Statement as to Compliance.** The Issuer will deliver to the Indenture Trustee and the Rating Agency not later than March 31 of each year (commencing with March 31, [2023]), an Officer's Certificate stating, as to the Responsible Officer signing such Officer's Certificate, that:

(i) a review of the activities of the Issuer during the preceding twelve (12) months ended December 31 (or, in the case of the first such Officer's Certificate, since the Closing Date) and of performance under this Indenture has been made; and

(ii) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has in all material respects complied with all conditions and covenants under this Indenture throughout such twelve-month period (or such shorter period in the case of the first such Officer's Certificate), or, if there has been a default in the compliance of any such condition or covenant, specifying each such default known to such Responsible Officer and the nature and status thereof.

SECTION 3.10. Issuer May Consolidate, etc., Only on Certain Terms.

(a) The Issuer shall not consolidate or merge with or into any other Person, unless:

(i) the Person (if other than the Issuer) formed by or surviving such consolidation or merger shall (A) be a Person organized and existing under the laws of the United States of America or any State, (B) expressly assume, by an indenture supplemental hereto, executed and delivered to the Indenture Trustee, in form and substance satisfactory to the Indenture Trustee, the performance or observance of every agreement and covenant of this Indenture and the Series Supplement on the part of the Issuer to be performed or observed, all as provided herein and in the Series Supplement, and (C) assume all obligations and succeed to all rights of the Issuer under each of the Sale Agreements, each of the Servicing Agreements, the Master Servicing Agreement and each other Basic Document to which the Issuer is a party;

(ii) immediately after giving effect to such merger or consolidation, no Default, Event of Default or Servicer Default shall have occurred and be continuing;

(iii) the Rating Agency Condition shall have been satisfied with respect to such merger or consolidation;

(iv) the Issuer shall have delivered to the Master Servicer, the Member Servicers, the Indenture Trustee and the Rating Agency an opinion or opinions of Independent tax counsel (as selected by the Issuer, in form and substance reasonably satisfactory to Brazos and the Indenture Trustee, and which may be based on a ruling from the Internal Revenue Service (unless the Internal Revenue Service has announced that it will not rule on the issues described in this paragraph) to the effect that the consolidation or merger will not result in a material adverse federal or Texas state tax consequence to the Issuer, the Participating Members, the Master Servicer, the Indenture Trustee or the then existing Bondholders;

(v) any action as is necessary to maintain the Lien and the perfected security interest in the Securitized Bond Collateral created by this Indenture and the Series Supplement shall have been taken as evidenced by an Opinion of Counsel of external counsel of the Issuer delivered to the Indenture Trustee; and

(vi) the Issuer shall have delivered to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel of Independent counsel of the Issuer each stating that such consolidation or merger and such supplemental indenture comply with this

Indenture, the Series Supplement and that all conditions precedent herein provided for in this Section 3.10(a) with respect to such transaction have been complied with.

(b) Except as specifically provided herein, the Issuer shall not sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Securitized Bond Collateral, to any Person, unless:

(i) the Person that acquires the properties and assets of the Issuer, the conveyance or transfer of which is hereby restricted shall (A) be a United States citizen or a Person organized and existing under the laws of the United States of America or any State, (B) expressly assumes, by an indenture supplemental hereto, executed and delivered to the Indenture Trustee, in form and substance satisfactory to the Indenture Trustee, the performance or observance of every agreement and covenant of this Indenture on the part of the Issuer to be performed or observed, all as provided herein and in the Series Supplement, (C) expressly agrees by means of such supplemental indenture that all right, title and interest so sold, conveyed, exchanged, transferred or otherwise disposed of shall be subject and subordinate to the rights of Holders, (D) unless otherwise provided in the supplemental indenture referred to in clause (B) above, expressly agrees to indemnify, defend and hold harmless the Issuer and the Indenture Trustee against and from any loss, liability or expense arising under or related to this Indenture, the Series Supplement and the Securitized Bonds, (E) expressly agrees by means of such supplemental indenture that such Person (or if a group of Persons, then one specified Person) shall make all filings required by any Governmental Authority in connection with the Securitized Bonds and (F) if such sale, conveyance, exchange, transfer or disposal relates to the Issuer's rights and obligations under any of the Sale Agreements, any of the Servicing Agreements, or the Master Servicing Agreement, assume all obligations and succeed to all rights of the Issuer under such Sale Agreement, such Servicing Agreements, and the Master Servicing Agreement, as applicable;

(ii) immediately after giving effect to such transaction, no Default, Event of Default or Servicer Default shall have occurred and be continuing;

(iii) the Rating Agency Condition shall have been satisfied with respect to such transaction;

(iv) the Issuer shall have delivered to Master Servicer, the Member Servicers, , the Indenture Trustee and the Rating Agency an opinion or opinions of Independent tax counsel (as selected by the Issuer, in form and substance reasonably satisfactory to Master Servicer and the Member Servicers, the Indenture Trustee, and which may be based on a ruling from the Internal Revenue Service) to the effect that, the disposition will not result in a material adverse federal or Texas state tax consequence to the Issuer, the Participating Members, the Master Servicer, the Member Servicers, the Indenture Trustee or the then existing Bondholders;

(v) any action as is necessary to maintain the Lien and the first priority perfected security interest in the Securitized Bond Collateral created by this Indenture

and the Series Supplement shall have been taken as evidenced by an Opinion of Counsel of Independent counsel of the Issuer delivered to the Indenture Trustee; and

(vi) the Issuer shall have delivered to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel of Independent counsel of the Issuer each stating that such sale, conveyance, exchange, transfer or other disposition and such supplemental indenture comply with this Indenture and the Series Supplement and that all conditions precedent herein provided for in this Section 3.10(b) with respect to such transaction have been complied with.

SECTION 3.11. Successor or Transferee.

(a) Upon any consolidation or merger of the Issuer in accordance with Section 3.10(a), the Person formed by or surviving such consolidation or merger (if other than the Issuer) shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein.

(b) Except as set forth in Section 6.07, upon a sale, conveyance, exchange, transfer or other disposition of all the assets and properties of the Issuer in accordance with Section 3.10(b), the Issuer will be released from every covenant and agreement of this Indenture and the other Basic Documents to be observed or performed on the part of the Issuer with respect to the Securitized Bonds and the Securitized Property immediately following the consummation of such acquisition upon the delivery of written notice to the Indenture Trustee from the Person acquiring such assets and properties stating that the Issuer is to be so released.

SECTION 3.12. No Other Business. The Issuer shall not engage in any business other than financing, purchasing, owning and managing the Securitized Property and the other Securitized Bond Collateral and the issuance of the Securitized Bonds in the manner contemplated by the Financing Order and this Indenture and the Basic Documents and activities incidental thereto.

SECTION 3.13. No Borrowing. The Issuer shall not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any indebtedness except for the Securitized Bonds and any other indebtedness expressly permitted by or arising under the Basic Documents.

SECTION 3.14. Servicer's Obligations. The Issuer shall enforce each Member Servicer's compliance with and performance of all of such Member Servicer's material obligations under the applicable Servicing Agreement and the Issuer shall enforce the Master Servicer's compliance with and performance of all of the Master Servicer's material obligations under the Master Servicing Agreement.

SECTION 3.15. Guarantees, Loans, Advances and Other Liabilities. Except as otherwise contemplated by each of the Sale Agreements, each of the Servicing Agreements, and the Master Servicing Agreements or this Indenture, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise),

endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

SECTION 3.16. Capital Expenditures. Other than the purchase of Member Securitized Property from each of the Sellers on the Closing Date, the Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets (either realty or personalty).

SECTION 3.17. Restricted Payments. Except as provided in Section 8.04(c), the Issuer shall not, directly or indirectly, (a) pay any dividend or make any distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, to any owner of an interest in the Issuer or otherwise with respect to any ownership or equity interest or similar security in or of the Issuer, (b) redeem, purchase, retire or otherwise acquire for value any such ownership or equity interest or similar security or (c) set aside or otherwise segregate any amounts for any such purpose. The Issuer will not, directly or indirectly, make payments to or distributions from the Collection Account except in accordance with this Indenture and the other Basic Documents.

SECTION 3.18. Notice of Events of Default. The Issuer agrees to give the Indenture Trustee, and the Rating Agency prompt written notice of each Default or Event of Default hereunder as provided in Section 5.01, and each default on the part of the Sellers, the Master Servicer or any of the Member Servicers of their obligations under the applicable Sale Agreements, the Master Servicing Agreement or the applicable Servicing Agreements, respectively.

SECTION 3.19. Further Instruments and Acts. Upon request of the Indenture Trustee, the Issuer shall execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture and to maintain the first priority perfected security interest of the Indenture Trustee in the Securitized Bond Collateral.

SECTION 3.20. Rating Agency Surveillance Fee. The Issuer covenants that it shall continue to pay as an Operating Expense the surveillance fees to the Rating Agency for as long as the Securitized Bonds are Outstanding and the Rating Agency maintains a rating on the Securitized Bonds; but, solely from moneys available to pay Operating Expenses as set forth in Section 8.02(e) of this Indenture.

SECTION 3.21. Inspection. The Issuer agrees that, on reasonable prior notice, it will permit any representative of the Indenture Trustee, during the Issuer's normal business hours, to examine all the books of account, records, reports and other papers of the Issuer, to make copies and extracts therefrom, to cause such books to be audited annually by Independent public accountants, and to discuss the Issuer's affairs, finances and accounts with the Issuer's officers, employees and Independent public accountants, all at such reasonable times and as often as may be reasonably requested. The Indenture Trustee shall and shall cause its representatives to hold in confidence all such information except to the extent disclosure may be

required by law (and all reasonable applications for confidential treatment are unavailing) and except to the extent that the Indenture Trustee may reasonably determine that such disclosure is consistent with its obligations hereunder. Notwithstanding anything herein to the contrary, the preceding sentence shall not be construed to prohibit (a) disclosure of any and all information that is or becomes publicly known, or information obtained by the Indenture Trustee from sources other than the Issuer, provided such parties are rightfully in possession of such information, (b) disclosure of any and all information (i) if required to do so by any applicable statute, law, rule or regulation, (ii) pursuant to any subpoena, civil investigative demand or similar demand or request of any court or regulatory authority exercising its proper jurisdiction, (iii) in any preliminary or final offering circular, (iv) to any affiliate, independent or internal auditor, agent, employee or attorney of the Indenture Trustee having a need to know the same, provided that such parties agree to be bound by the confidentiality provisions contained in this Section 3.21 or (v) to any Rating Agency, or (c) any other disclosure authorized by the Issuer.

SECTION 3.22. Sale Agreements, Servicing Agreements, and Master Servicing Agreement Covenants.

(a) The Issuer agrees to take all such lawful actions to enforce its rights under the Sale Agreements, the Servicing Agreements, and the Master Servicing to compel or secure the performance and observance by the Sellers, the Member Servicers, the Master Servicer, and Brazos of each of their respective obligations to the Issuer under or in connection with the Sale Agreements, the Servicing Agreements, and the Master Servicing Agreement in accordance with the terms thereof. So long as no Event of Default occurs and is continuing, but subject to Section 3.22(f), the Issuer may exercise any and all rights, remedies, powers and privileges lawfully available to the Issuer under or in connection with the Sale Agreements, the Servicing Agreements, and the Master Servicing Agreement.

(b) If an Event of Default occurs and is continuing, the Indenture Trustee may, and at the direction (which direction shall be in writing) of Holders of a majority of the Outstanding Amount of the Securitized Bonds of all Tranches affected thereby shall, exercise all rights, remedies, powers, privileges and claims of the Issuer against the Sellers, Brazos, the Master Servicer and the Member Servicers, as the case may be, under or in connection with the Sale Agreement, the Servicing Agreements, and the Master Servicing Agreement, including the right or power to take any action to compel or secure performance or observance by any of the Sellers, Brazos, the Master Servicer, or the Member Servicers of each of their obligations to the Issuer thereunder and to give any consent, request, notice, direction, approval, extension or waiver under the Sale Agreements, the Servicing Agreements, and the Master Servicing Agreement, and any right of the Issuer to take such action shall be suspended.

(c) Except as set forth in Section 3.22(e), with the prior written consent of the Indenture Trustee, the Sale Agreements, the Master Servicing Agreement and the Servicing Agreements may be amended in accordance with the provisions thereof, so long as the Rating Agency Condition is satisfied in connection therewith, at any time and from time to time, without the consent of the Holders of Securitized Bonds; provided that such amendment, shall not adversely affect the interest of any Holder of Securitized Bonds in any material respect. Notwithstanding the foregoing, the Sale Agreements, the Master Servicing Agreement and the Servicing Agreements may be amended in accordance with the provisions thereof with ten (10)

Business Days' prior written notice given to the Rating Agency, the prior written consent of the Indenture Trustee, but without the consent of the Holders, (i) to cure any ambiguity, to correct or supplement any provisions in the applicable agreement or for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions in such agreement or of modifying in any manner the rights of the Holders; provided, however, that such action shall not adversely affect in any material respect the interests of any Holder or (ii) to conform the provisions of the applicable agreement to the description of such agreement in the Offering Memorandum. In the case of an amendment described in the preceding sentence, the Issuer shall furnish copies of such amendment to the Rating Agency promptly after execution thereof.

(d) Except as set forth in Section 3.22(e), if the Issuer, the Sellers, Brazos, the Member Servicers, the Master Servicer, or any other party to the respective agreement proposes to amend, modify, waive, supplement, terminate or surrender, or agree to any amendment, modification, waiver, supplement, termination or surrender of, the terms of the Sale Agreements, the Master Servicing Agreement, or the Servicing Agreements, or waive timely performance or observance by the Seller, Brazos, the Master Servicer or the Member Servicers under the Sale Agreements, the Master Servicing Agreement or the Servicing Agreements, in each case in such a way as would materially and adversely affect the interests of any Holder of Securitized Bonds, the Issuer shall first notify the Rating Agency of the proposed amendment, modification, waiver, supplement, termination or surrender and shall promptly notify the Indenture Trustee in writing and the Indenture Trustee shall notify the Holders of the Securitized Bonds of the proposed amendment, modification, waiver, supplement, termination or surrender and whether the Rating Agency Condition has been satisfied with respect thereto. The Indenture Trustee shall consent to such proposed amendment, modification, waiver, supplement, termination or surrender only if the Rating Agency Condition is satisfied and only with the prior written consent of the Holders of a majority of the Outstanding Amount of Securitized Bonds of the Tranches materially and adversely affected thereby. If any such amendment, modification, waiver, supplement, termination or surrender shall be so consented to by the Indenture Trustee or such Holders, the Issuer agrees to execute and deliver, in its own name and at its own expense, such agreements, instruments, consents and other documents as shall be necessary or appropriate in the circumstances.

(e) If the Issuer or the Master Servicer proposes to amend, modify, waive, supplement, terminate or surrender, or to agree to any amendment, modification, supplement, termination, waiver or surrender of, the process for True-Up Adjustments, the Issuer shall notify the Member Servicers and the Indenture Trustee in writing and the Indenture Trustee shall notify the Holders of the Securitized Bonds of such proposal and the Indenture Trustee shall consent thereto only with the prior written consent of the Holders of a majority of the Outstanding Amount of Securitized Bonds of the Tranches affected thereby and only if the Rating Agency Condition has been satisfied with respect thereto. Notwithstanding the foregoing, the process for True-Up Adjustments may be amended with ten (10) Business Days' prior written notice given to the Rating Agency, the prior written consent of the Indenture Trustee, but without the consent of the Holders, (i) to cure any ambiguity, to correct or supplement any provisions of any agreement relating to the process for True-Up Adjustments for the purpose of clarity; provided, however, that such action shall not adversely affect in any material respect the interests of any Holder or (ii) to conform the provisions of the applicable agreement regarding the process for True-Up Adjustments to the description of such process in the Offering Memorandum. In the

case of an amendment described in the preceding sentence, the Issuer shall furnish copies of such amendment to the Rating Agency promptly after execution thereof.

(f) Promptly following a default by any of the Sellers under the Sale Agreements, occurrence of a Servicer Default under any of the Servicing Agreement, or the occurrence of a Master Servicer Default under the Master Servicing Agreement, and at the Issuer's expense, the Issuer agrees to take all such lawful actions as the Indenture Trustee may request to compel or secure the performance and observance by each of the Sellers, Brazos, the Master Servicer or the Member Servicers of their obligations under and in accordance with the Sale Agreements, the Servicing Agreements, and the Master Servicing Agreement, as the case may be, in accordance with the terms thereof, and to exercise any and all rights, remedies, powers and privileges lawfully available to the Issuer under or in connection with such agreements to the extent and in the manner directed by the Indenture Trustee, including the transmission of notices of any default by any of the Sellers, Brazos, the Master Servicer or the Member Servicers, respectively, thereunder and the institution of legal or administrative actions or Proceedings to compel or secure performance of their obligations under the Sale Agreements, the Servicing Agreements, and the Master Servicing Agreement, as applicable.

(g) Before consenting to any amendment, modification, supplement, termination, waiver or surrender under Sections 3.22(c), (d) or (e), the Indenture Trustee shall be entitled to receive, and subject to Sections 6.01 and 6.02, shall be fully protected in relying upon, an Opinion of Counsel stating that such action is authorized or permitted by this Indenture and all conditions precedent to such amendment have been satisfied.

SECTION 3.23. Taxes. So long as any of the Securitized Bonds are Outstanding, the Issuer shall pay or cause to be paid all taxes, assessments and governmental charges imposed upon it or any of its properties or assets or with respect to any of its franchises, business, income or property before any penalty accrues thereon, which shall be considered Operating Expenses, if the failure to pay any such taxes, assessments and governmental charges would, after any applicable grace periods, notices or other similar requirements, result in a Lien on the Securitized Bond Collateral; provided that no such tax need be paid if the Issuer is contesting or causing to be contested the same in good faith by appropriate proceedings promptly instituted and diligently conducted and if the Issuer has established appropriate reserves as shall be required in conformity with generally accepted accounting principles.

#### ARTICLE IV

#### SATISFACTION AND DISCHARGE; DEFEASANCE

##### SECTION 4.01. Satisfaction and Discharge of Indenture; Defeasance.

(a) This Indenture shall cease to be of further effect with respect to the Securitized Bonds and the Indenture Trustee, on reasonable written demand of and at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to the Securitized Bonds, when:



(i) either

(A) all Securitized Bonds theretofore authenticated and delivered (other than (1) Securitized Bonds that have been destroyed, lost or stolen and that have been replaced or paid as provided in Section 2.06 and (2) Securitized Bonds for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust, as provided in the last paragraph of Section 3.03) have been delivered to the Indenture Trustee for cancellation; or

(B) either (1) the Scheduled Final Payment Date has occurred with respect to all Securitized Bonds not theretofore delivered to the Indenture Trustee for cancellation or (2) such Securitized Bonds will be due and payable on their respective Scheduled Final Payment Dates within one year, and in any such case, the Issuer has irrevocably deposited or caused to be irrevocably deposited in trust with the Indenture Trustee (i) cash and/or (ii) U.S. Government Obligations which through the scheduled payments of principal and interest in respect thereof in accordance with their terms are in an amount sufficient to pay principal, interest and premium, if any, on such Securitized Bonds not theretofore delivered to the Indenture Trustee for cancellation and all other sums payable hereunder by the Issuer with respect to such Securitized Bonds when scheduled to be paid and to discharge the entire indebtedness on such Securitized Bonds when due;

(ii) the Issuer has paid or caused to be paid all other sums payable hereunder by the Issuer with respect to the Securitized Bonds;

(iii) the Master Servicer shall have certified that either (i) all required contributions to the Capital Subaccount shall have been paid in full, or (ii) the Participating Members have agreed to allow such contributions to be made outside of the scope of this Indenture; and

(iv) the Issuer has delivered to the Indenture Trustee an Officer's Certificate, an Opinion of Counsel of Independent counsel of the Issuer and (if required by the Indenture Trustee) an Independent Certificate from a firm of public accountants, each meeting the applicable requirements of Section 10.01(a) and each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to Securitized Bonds have been complied with.

(b) Subject to Sections 4.01(c) and 4.02, the Issuer at any time may terminate (i) all its obligations under this Indenture with respect to the Securitized Bonds ("Legal Defeasance Option") or (ii) its obligations under Sections 3.04, 3.05, 3.06, 3.07, 3.08, 3.09, 3.10, 3.12, 3.13, 3.14, 3.15, 3.16, 3.17, 3.18 and 3.19 and the operation of Section 5.01(iii) ("Covenant Defeasance Option") with respect to the Securitized Bonds. The Issuer may exercise the Legal Defeasance Option with respect to the Securitized Bonds notwithstanding its prior exercise of the Covenant Defeasance Option.

If the Issuer exercises the Legal Defeasance Option, the maturity of the Securitized Bonds may not be accelerated because of an Event of Default. If the Issuer exercises the Covenant Defeasance Option, the maturity of the Securitized Bonds may not be accelerated because of an Event of Default specified in Section 5.01(iii).

Upon satisfaction of the conditions set forth herein to the exercise of the Legal Defeasance Option or the Covenant Defeasance Option, the Indenture Trustee, on reasonable written demand of and at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of the obligations that are terminated pursuant to such exercise.

(c) Notwithstanding Sections 4.01(a) and 4.01(b) above, (i) rights of registration of transfer and exchange, (ii) substitution of mutilated, destroyed, lost or stolen Securitized Bonds, (iii) rights of Holders to receive payments of principal, premium, if any, and interest, (iv) Sections 4.03 and 4.04, (v) the rights, obligations and immunities of the Indenture Trustee hereunder (including the rights of the Indenture Trustee under Section 6.07 and the obligations of the Indenture Trustee under Section 4.03) and (vi) the rights of Holders as beneficiaries hereof with respect to the property deposited with the Indenture Trustee payable to all or any of them, shall survive until this Indenture or certain obligations hereunder have been satisfied and discharged pursuant to Section 4.01(a) or 4.01(b) have been paid in full. Thereafter the obligations in Sections 6.07 and 4.04 shall survive.

SECTION 4.02. Conditions to Defeasance. The Issuer may exercise the Legal Defeasance Option or the Covenant Defeasance Option with respect to any of the Securitized Bonds only if:

(a) the Issuer has irrevocably deposited or caused to be irrevocably deposited in trust with the Indenture Trustee (i) cash and/or (ii) U.S. Government Obligations which through the scheduled payments of principal and interest in respect thereof in accordance with their terms are in an amount sufficient to pay principal, interest and premium, if any, on the Securitized Bonds not therefore delivered to the Indenture Trustee for cancellation and all other sums payable hereunder by the Issuer with respect to the Securitized Bonds when scheduled to be paid and to discharge the entire indebtedness on the Securitized Bonds when due;

(b) the Issuer delivers to the Indenture Trustee a certificate from a nationally recognized firm of Independent registered public accountants expressing its opinion that the payments of principal and interest when due and without reinvestment of the deposited U.S. Government Obligations plus any deposited cash without investment will provide cash at such times and in such amounts (but, in the case of the Legal Defeasance Option only, not more than such amounts) as will be sufficient to pay in respect of the Securitized Bonds (i) principal in accordance with the Expected Amortization Schedule therefor, (ii) interest when due and (iii) all other sums payable hereunder by the Issuer with respect to such Securitized Bonds;

(c) in the case of the Legal Defeasance Option, ninety-five (95) days pass after the deposit is made and during the ninety-five (95)-day period no Default specified in Section 5.01(v) or (vi) occurs which is continuing at the end of the period;

(d) no Default has occurred and is continuing on the day of such deposit and after giving effect thereto;

(e) in the case of an exercise of the Legal Defeasance Option, the Issuer shall have delivered to the Indenture Trustee an Opinion of Counsel of Independent tax counsel of the Issuer stating that (i) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling, or (ii) since the date of execution of this Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of the Securitized Bonds will not recognize income, gain or loss for federal income tax purposes as a result of such legal defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance had not occurred;

(f) in the case of an exercise of the Covenant Defeasance Option, the Issuer shall have delivered to the Indenture Trustee an Opinion of Counsel of Independent tax counsel of the Issuer to the effect that the Holders of the Securitized Bonds will not recognize income, gain or loss for federal income tax purposes as a result of such covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred;

(g) the Issuer delivers to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel of Independent counsel to the Issuer, each stating that all conditions precedent to the satisfaction and discharge of the Securitized Bonds to the extent contemplated by this Article IV have been complied with;

(h) the Issuer delivers to the Indenture Trustee an Opinion of Counsel of Independent counsel of the Issuer to the effect that (i) in a case under the Bankruptcy Code in which Brazos (or any of its Affiliates, other than the Issuer) is the debtor, the court would hold that the deposited moneys or U.S. Government Obligations would not be in the bankruptcy estate of Brazos (or any of its Affiliates, other than the Issuer, that deposited the moneys or U.S. Government Obligations); and (ii) in the event Brazos (or any of its Affiliates, other than the Issuer, that deposited the moneys or U.S. Government Obligations) were to be a debtor in a case under the Bankruptcy Code, the court would not disregard the separate legal existence of Brazos (or any of its Affiliates, other than the Issuer, that deposited the moneys or U.S. Government Obligations) and the Issuer so as to order substantive consolidation under the Bankruptcy Code of the Issuer's assets and liabilities with the assets and liabilities of Brazos or such other Affiliate; and

(i) the Rating Agency Condition shall have been satisfied with respect to the exercise of any Legal Defeasance Option or Covenant Defeasance Option.

Notwithstanding any other provision of this Section 4.02, no delivery of moneys or U.S. Government Obligations to the Indenture Trustee shall terminate any obligation of the Issuer to the Indenture Trustee under this Indenture or the Series Supplement or any obligation of the Issuer to apply such moneys or U.S. Government Obligations under Section 4.03 until principal of and premium, if any, and interest on the Securitized Bonds shall have been paid in accordance with the provisions of this Indenture and the Series Supplement.

SECTION 4.03. Application of Trust Money. All moneys or U.S. Government Obligations deposited with the Indenture Trustee pursuant to Section 4.01 or 4.02 shall be held in trust and applied by it, in accordance with the provisions of the Securitized Bonds and this Indenture, to the payment, either directly or through any Paying Agent, as the Indenture Trustee may determine, to the Holders of the particular Securitized Bonds for the payment of which such moneys have been deposited with the Indenture Trustee, of all sums due and to become due thereon for principal, premium, if any, and interest; but such moneys need not be segregated from other funds except to the extent required herein or in the Master Servicing Agreement, the Servicing Agreements or required by law. Notwithstanding anything to the contrary in this Article IV, the Indenture Trustee shall deliver or pay to the Issuer from time to time upon Issuer Request any moneys or U.S. Government Obligations held by it pursuant to Section 4.02 which, in the opinion of a nationally recognized firm of Independent registered public accountants expressed in a written certification thereof delivered to the Indenture Trustee (and not at the cost or expense of the Indenture Trustee), are in excess of the amount thereof which would be required to be deposited for the purpose for which such moneys or U.S. Government Obligations were deposited, provided that any such payment shall be subject to the satisfaction of the Rating Agency Condition.

SECTION 4.04. Repayment of Moneys Held by Paying Agent. In connection with the satisfaction and discharge of this Indenture or the Covenant Defeasance Option or Legal Defeasance Option with respect to the Securitized Bonds, all moneys then held by any Paying Agent other than the Indenture Trustee under the provisions of this Indenture with respect to such Securitized Bonds shall, upon demand of the Issuer, be paid to the Indenture Trustee to be held and applied according to Section 3.03 and thereupon such Paying Agent shall be released from all further liability with respect to such moneys.

## ARTICLE V

### REMEDIES

SECTION 5.01. Events of Default. “Event of Default” wherever used herein, means any one or more of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (i) default in the payment of any interest on any Securitized Bond when the same becomes due and payable (whether such failure to pay interest is caused by a shortfall in Securitized Charges received or otherwise), and such default shall continue for a period of five (5) Business Days; or
- (ii) default in the payment of the then unpaid principal of any Securitized Bond of any Tranche on the Final Maturity Date for such Tranche; or
- (iii) default in the observance or performance of any covenant or agreement of the Issuer made in this Indenture (other than defaults specified in clauses (i) or (ii) above), and such default shall continue or not be cured, for a period of thirty (30) days

after the earlier of (A) the date that there shall have been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Holders of at least 25 percent of the Outstanding Amount of the Securitized Bonds, a written notice specifying such default and requiring it to be remedied and stating that such notice is a “Notice of Default” hereunder or (B) the date that the Issuer has actual knowledge of the default; or

(iv) any representation or warranty of the Issuer made in this Indenture or in any certificate or other writing delivered pursuant hereto or in connection herewith proving to have been incorrect in any material respect as of the time when the same shall have been made, and the circumstance or condition in respect of which such representation or warranty was incorrect shall not have been eliminated or otherwise cured, within thirty (30) days after the earlier of (A) the date that there shall have been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Holders of at least 25 percent of the Outstanding Amount of the Securitized Bonds, a written notice specifying such incorrect representation or warranty and requiring it to be remedied and stating that such notice is a “Notice of Default” hereunder or (B) the date the Issuer has actual knowledge of the default, or

(v) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of the Issuer or any substantial part of the Securitized Bond Collateral in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of the Securitized Bond Collateral, or ordering the winding-up or liquidation of the Issuer’s affairs, and such decree or order shall remain unstayed and in effect for a period of ninety (90) consecutive days; or

(vi) the commencement by the Issuer of a voluntary case under any applicable federal or State bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by the Issuer to the entry of an order for relief in an involuntary case or proceeding under any such law, or the consent by the Issuer to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of the Securitized Bond Collateral, or the making by the Issuer of any general assignment for the benefit of creditors, or the failure by the Issuer generally to pay its debts as such debts become due, or the taking of action by the Issuer in furtherance of any of the foregoing; or

(vii) any act or failure to act by the State of Texas or any of its agencies, officers or employees which violates or is not in accordance with the State Pledge.

The Issuer shall deliver to a Responsible Officer of the Indenture Trustee and to the Rating Agency, within five (5) days after a Responsible Officer of the Issuer has knowledge of the occurrence thereof, written notice in the form of an Officer’s Certificate of any event (I) which is an Event of Default under clauses (i), (ii), (v), (vi) or (vii) or (II) which with the giving of notice, the lapse of time, or both, would become an Event of Default under clause (iii)

or (iv), including, in each case, the status of such Event of Default and what action the Issuer is taking or proposes to take with respect thereto.

SECTION 5.02. Acceleration of Maturity; Rescission and Annulment. If an Event of Default (other than an Event of Default under clause (vii) of Section 5.01) should occur and be continuing, then and in every such case the Indenture Trustee or the Holders representing not less than a majority of the Outstanding Amount of the Securitized Bonds may declare the Securitized Bonds to be immediately due and payable, by a notice in writing to the Issuer (and to the Indenture Trustee if given by Holders), and upon any such declaration the unpaid principal amount of the Securitized Bonds, together with accrued and unpaid interest thereon through the date of acceleration, shall become immediately due and payable.

At any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter in this Article V provided, the Holders representing not less than a majority of the Outstanding Amount of the Securitized Bonds, by written notice to the Issuer and the Indenture Trustee, may rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay:

(A) all payments of principal of and premium, if any, and interest on all Securitized Bonds due and owing at such time as if such Event of Default had not occurred and was not continuing and all other amounts that would then be due hereunder or upon the Securitized Bonds if the Event of Default giving rise to such acceleration had not occurred; and

(B) all sums paid or advanced by the Indenture Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee and its agents and counsel; and

(ii) all Events of Default, other than the nonpayment of the principal of the Securitized Bonds that has become due solely by such acceleration, have been cured or waived as provided in Section 5.12.

No such rescission shall affect any subsequent default or impair any right consequent thereto.

SECTION 5.03. Collection of Indebtedness and Suits for Enforcement by Indenture Trustee.

(a) If an Event of Default under Section 5.01(i) or (ii) has occurred and is continuing, subject to Section 10.19, the Indenture Trustee, in its own name and as trustee of an express trust, may institute a Proceeding for the collection of the sums so due and unpaid, and may prosecute such Proceeding to judgment or final decree, and, subject to the limitations on recourse set forth herein, may enforce the same against the Issuer or other obligor upon such Securitized Bonds and collect in the manner provided by law out of the property of the Issuer or other obligor upon such Securitized Bonds, wherever situated the moneys payable, or the related

Securitized Bond Collateral and the proceeds thereof, the whole amount then due and payable on the Securitized Bonds for principal, premium, if any, and interest, with interest upon the overdue principal and premium, if any, and, to the extent payment at such rate of interest shall be legally enforceable, upon overdue installments of interest, at the respective rate borne by the Securitized Bonds or the applicable Tranche and in addition thereto such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee and its agents and counsel.

(b) If an Event of Default (other than Event of Default under clause (vii) of Section 5.01) occurs and is continuing, the Indenture Trustee shall, as more particularly provided in Section 5.04, in its discretion, proceed to protect and enforce its rights and the rights of the Holders, by such appropriate Proceedings as the Indenture Trustee shall deem most effective to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy or legal or equitable right vested in the Indenture Trustee by this Indenture and the Series Supplement or by law, including foreclosing or otherwise enforcing the Lien of the Securitized Bond Collateral securing the Securitized Bonds or applying to a court of competent jurisdiction for sequestration of revenues arising with respect to the Securitized Property.

(c) If an Event of Default under Section 5.01(v) or (vi) has occurred and is continuing, the Indenture Trustee, irrespective of whether the principal of any Securitized Bonds shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Indenture Trustee shall have made any demand pursuant to the provisions of this Section 5.04, shall be entitled and empowered, by intervention in any Proceedings related to such Event of Default or otherwise:

(i) to file and prove a claim or claims for the whole amount of principal, premium, if any, and interest owing and unpaid in respect of the Securitized Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Indenture Trustee (including any claim for reasonable compensation to the Indenture Trustee and each predecessor Indenture Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee, except as a result of negligence or bad faith) and of the Holders allowed in such Proceedings;

(ii) unless prohibited by applicable law and regulations, to vote on behalf of the Holders in any election of a trustee in bankruptcy, a standby trustee or Person performing similar functions in any such Proceedings;

(iii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Holders and of the Indenture Trustee on their behalf; and

(iv) to file such proofs of claim and other papers and documents as may be necessary or advisable in order to have the claims of the Indenture Trustee or the Holders allowed in any judicial proceeding relative to the Issuer, its creditors and its property.

and any trustee, receiver, liquidator, custodian or other similar official in any such Proceeding is hereby authorized by each of such Holders to make payments to the Indenture Trustee, and, in the event that the Indenture Trustee shall consent to the making of payments directly to such Holders, to pay to the Indenture Trustee such amounts as shall be sufficient to cover reasonable compensation to the Indenture Trustee, each predecessor Indenture Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee except as a result of negligence or bad faith.

(d) Nothing herein contained shall be deemed to authorize the Indenture Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securitized Bonds or the rights of any Holder thereof or to authorize the Indenture Trustee to vote in respect of the claim of any Holder in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar Person.

(e) All rights of action and of asserting claims under this Indenture, or under any of the Securitized Bonds, may be enforced by the Indenture Trustee without the possession of any of the Securitized Bonds or the production thereof in any trial or other Proceedings relative thereto, and any such action or proceedings instituted by the Indenture Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Indenture Trustee, each predecessor Indenture Trustee and their respective agents and attorneys, shall be for the ratable benefit of the Holders of the Securitized Bonds.

(f) In any Proceedings brought by the Indenture Trustee (and also any Proceedings involving the interpretation of any provision of this Indenture to which the Indenture Trustee shall be a party), the Indenture Trustee shall be held to represent all the Holders of the Securitized Bonds, and it shall not be necessary to make any Holder a party to any such Proceedings.

#### SECTION 5.04. Remedies; Priorities.

(a) If an Event of Default (other than an Event of Default under clause (vii) of Section 5.01) shall have occurred and be continuing, the Indenture Trustee may do one or more of the following (subject to Section 5.05):

(i) institute Proceedings in its own name and as trustee of an express trust for the collection of all amounts then payable on the Securitized Bonds or under this Indenture with respect thereto, whether by declaration of acceleration or otherwise, and, subject to the limitations on recovery set forth herein, enforce any judgment obtained, and collect from the Issuer or any other obligor moneys adjudged due upon such Securitized Bonds;



(ii) institute Proceedings from time to time for the complete or partial foreclosure of this Indenture with respect to the Securitized Bond Collateral;

(iii) exercise any remedies of a secured party under the UCC, the Financing Act or any other applicable law and take any other appropriate action to protect and enforce the rights and remedies of the Indenture Trustee and the Holders of the Securitized Bonds;

(iv) at the written direction of the Holders of a majority of the Outstanding Amount of the Securitized Bonds, sell the Securitized Bond Collateral or any portion thereof or rights or interest therein, at one or more public or private sales called and conducted in any manner permitted by law, or elect that the Issuer maintain possession of all or a portion of the Securitized Bond Collateral pursuant to Section 5.05 and continue to apply the Securitized Charges as if there had been no declaration of acceleration; and

(v) exercise all rights, remedies, powers, privileges and claims of the Issuer against the Sellers, Brazos, the Master Servicer, or the Member Servicers under or in connection with, and pursuant to the terms of, the Sale Agreements, the Master Servicing Agreement or the Servicing Agreement;

provided, however, that the Indenture Trustee may not sell or otherwise liquidate any portion of the Securitized Bond Collateral following such an Event of Default, other than an Event of Default described in Section 5.01(i), or (ii), with respect to the Securitized Bonds unless (A) the Holders of 100 percent of the Outstanding Amount of the Securitized Bonds consent thereto, (B) the proceeds of such sale or liquidation distributable to the Holders are sufficient to discharge in full all amounts then due and unpaid upon the Securitized Bonds for principal, premium, if any, and interest after taking into account payment of all amounts due prior thereto pursuant to the priorities set forth in Section 8.02(e) and any amounts available under Section 8.02(f) and (g), or (C) the Indenture Trustee determines that the Securitized Bond Collateral will not continue to provide sufficient funds for all payments on the Securitized Bonds as they would have become due if the Securitized Bonds had not been declared due and payable, and the Indenture Trustee obtains the written consent of Holders of 66-2/3 percent of the Outstanding Amount of the Securitized Bonds. In determining such sufficiency or insufficiency with respect to clause (B) and (C), the Indenture Trustee may, but need not, obtain and conclusively rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Securitized Bond Collateral for such purpose.

(b) If an Event of Default under clause (vii) of Section 5.01 shall have occurred and be continuing, the Indenture Trustee, for the benefit of the Secured Parties, shall be entitled and empowered to the extent permitted by applicable law, to institute or participate in Proceedings necessary to compel performance of or to enforce the State Pledge and to collect any monetary damages incurred by the Holders or the Indenture Trustee as a result of any such Event of Default, and may prosecute any such Proceeding to final judgment or decree. Such remedy shall be the only remedy that the Indenture Trustee may exercise if the only Event of Default that has occurred and is continuing is an Event of Default under Section 5.01(vii).

(c) If the Indenture Trustee collects any money pursuant to this Article V, it shall pay out such money in accordance with the priorities set forth in Section 8.02(e).

SECTION 5.05. Optional Preservation of the Securitized Bond Collateral. If the Securitized Bonds have been declared to be due and payable under Section 5.02 following an Event of Default and such declaration and its consequences have not been rescinded and annulled, the Indenture Trustee may, but need not, elect to maintain possession of the related Securitized Bond Collateral. It is the desire of the parties hereto and the Holders that there be at all times sufficient funds for the payment of principal of and premium, if any, and interest on the Securitized Bonds, and the Indenture Trustee shall take such desire into account when determining whether or not to maintain possession of the Securitized Bond Collateral. In determining whether to maintain possession of the Securitized Bond Collateral or sell or liquidate the same, the Indenture Trustee may, but need not, obtain and conclusively rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Securitized Bond Collateral for such purpose.

SECTION 5.06. Limitation of Suits. No Holder of any Securitized Bond shall have any right to institute any Proceeding, judicial or otherwise, to avail itself of any remedies provided in the Financing Act or to avail itself of the right to foreclose on the Securitized Bond Collateral or otherwise enforce the Lien and the security interest on the Securitized Bond Collateral with respect to this Indenture and the Series Supplement, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

- (i) such Holder previously has given written notice to the Indenture Trustee of a continuing Event of Default;
- (ii) the Holders of not less than a majority of the Outstanding Amount of the Securitized Bonds have made written request to the Indenture Trustee to institute such Proceeding in respect of such Event of Default in its own name as Indenture Trustee hereunder;
- (iii) such Holder or Holders have offered to the Indenture Trustee indemnity satisfactory to it against the costs, expenses, losses and liabilities which may be incurred in complying with such request;
- (iv) the Indenture Trustee for sixty (60) days after its receipt of such notice, request and offer of indemnity has failed to institute such Proceedings; and
- (v) no direction inconsistent with such written request has been given to the Indenture Trustee during such sixty-day period by the Holders of a majority of the Outstanding Amount of the Securitized Bonds;

it being understood and intended that no one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided.

In the event the Indenture Trustee shall receive conflicting or inconsistent requests and indemnity from two or more groups of Holders, each representing less than a majority of the Outstanding Amount of the Securitized Bonds, the Indenture Trustee in its sole discretion may file a petition with a court of competent jurisdiction to resolve such conflict or determine what action, if any, shall be taken, notwithstanding any other provisions of this Indenture.

SECTION 5.07. Unconditional Rights of Holders To Receive Principal, Premium, if any, and Interest. Notwithstanding any other provisions in this Indenture, the Holder of any Securitized Bond shall have the right, which is absolute and unconditional, (a) to receive payment of (i) the interest, if any, on such Securitized Bond on the due dates thereof expressed in such Securitized Bond or in this Indenture or (ii) the unpaid principal, if any, of such Securitized Bonds on the Final Maturity Date therefor and (b) to institute suit, in compliance with Section 5.06, for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

SECTION 5.08. Restoration of Rights and Remedies. If the Indenture Trustee or any Holder has instituted any Proceeding to enforce any right or remedy under this Indenture and such Proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Indenture Trustee or to such Holder, then and in every such case the Issuer, the Indenture Trustee and the Holders shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Holders shall continue as though no such Proceeding had been instituted.

SECTION 5.09. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 5.10. Delay or Omission Not a Waiver. No delay or omission of the Indenture Trustee or any Holder to exercise any right or remedy accruing upon any Default or Event of Default shall impair any such right or remedy or constitute a waiver of any such Default or Event of Default or an acquiescence therein. Every right and remedy given by this Article V or by law to the Indenture Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Holders, as the case may be.

SECTION 5.11. Control by Holders. The Holders of not less than a majority of the Outstanding Amount of the Securitized Bonds shall have the right to direct the time, method and place of conducting any Proceeding for any remedy available to the Indenture Trustee with respect to the Securitized Bonds of such Tranche or Tranches or exercising any trust or power conferred on the Indenture Trustee with respect to such Tranche or Tranches; provided that:

(i) such direction shall not be in conflict with any rule of law or with this Indenture and shall not involve the Indenture Trustee in any personal liability or expense;

(ii) subject to other conditions specified in Section 5.04, any direction to the Indenture Trustee to sell or liquidate any Securitized Bond Collateral shall be by the Holders representing the applicable percentage of the Outstanding Amount of the Securitized Bonds as provided in Section 5.04;

(iii) if the conditions set forth in Section 5.05 have been satisfied and the Indenture Trustee elects to retain the Securitized Bond Collateral pursuant to Section 5.05, then any direction to the Indenture Trustee by Holders representing less than 100 percent of the Outstanding Amount of the Securitized Bonds to sell or liquidate the Securitized Bond Collateral shall be of no force and effect; and

(iv) the Indenture Trustee may take any other action deemed proper by the Indenture Trustee that is not inconsistent with such direction;

provided, however, that, the Indenture Trustee's duties shall be subject to Section 6.01, and the Indenture Trustee need not take any action that it determines might involve it in liability or might materially adversely affect the rights of any Holders not consenting to such action. Furthermore and without limiting the foregoing, the Indenture Trustee shall not be required to take any action for which it reasonably believes that it will not be indemnified to its satisfaction against any costs, expenses, losses or liabilities.

SECTION 5.12. Waiver of Past Defaults. Prior to the declaration of the acceleration of the maturity of the Securitized Bonds as provided in Section 5.02, the Holders representing not less than a majority of the Outstanding Amount of the Securitized Bonds of an affected Tranche may waive any past Default or Event of Default and its consequences except a Default (a) in payment of principal of or premium, if any, or interest on any of the Securitized Bonds or (b) in respect of a covenant or provision hereof which cannot be modified or amended without the consent of the Holder of each Securitized Bond of all Tranches affected. In the case of any such waiver, the Issuer, the Indenture Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

Upon any such waiver, such Default shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured and not to have occurred, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

SECTION 5.13. Undertaking for Costs. All parties to this Indenture agree, and each Holder of any Securitized Bond by such Holder's acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Indenture Trustee for any action taken, suffered or omitted by it as Indenture Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess

reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 5.13 shall not apply to (a) any suit instituted by the Indenture Trustee, (b) any suit instituted by any Holder, or group of Holders, in each case holding in the aggregate more than ten (10) percent of the Outstanding Amount of the Securitized Bonds or (c) any suit instituted by any Holder for the enforcement of the payment of (i) interest on any Securitized Bond on or after the due dates expressed in such Securitized Bond and in this Indenture or (ii) the unpaid principal, if any, of any Securitized Bond on or after the Final Maturity Date therefor.

SECTION 5.14. Waiver of Stay or Extension Laws. The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead or in any manner whatsoever, claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 5.15. Action on Securitized Bonds. The Indenture Trustee's right to seek and recover judgment on the Securitized Bonds or under this Indenture shall not be affected by the seeking, obtaining or application of any other relief under or with respect to this Indenture. Neither the Lien of this Indenture and the Series Supplement nor any rights or remedies of the Indenture Trustee or the Holders shall be impaired by the recovery of any judgment by the Indenture Trustee against the Issuer or by the levy of any execution under such judgment upon any portion of the Securitized Bond Collateral or any other assets of the Issuer.

SECTION 5.16. Performance and Enforcement of Certain Obligations.

(a) If an Event of Default has occurred, the Indenture Trustee may, and, at the direction (which direction shall be in writing) of the Holders of sixty-six and two-thirds percent (66-2/3%) of the Outstanding Amount of the Securitized Bonds shall, subject to Article VI, exercise all rights, remedies, powers, privileges and claims of the Issuer against the Seller or the Servicer under or in connection with the Sale Agreement, the Member Servicing Agreement and the Master Servicing Agreement with respect to the Securitized Property, respectively, including the right or power to take any action to compel or secure performance or observance by the Seller or the Servicer of each of their obligations to the Issuer thereunder and to give any consent, request, notice, direction, approval, extension or waiver under the Sale Agreement, the Member Servicing Agreement or the Master Servicing Agreement, respectively, and any right of the Issuer to take such action shall be suspended.

ARTICLE VI

THE INDENTURE TRUSTEE

SECTION 6.01. Duties of Indenture Trustee.

(a) If an Event of Default has occurred and is continuing, the Indenture Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Indenture Trustee; and

(ii) in the absence of bad faith on its part, the Indenture Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Indenture Trustee may not be relieved from liability for its own negligent action, its own bad faith, its own negligent failure to act or its own willful misconduct, except that:

(i) this paragraph (c) does not limit the effect of paragraph (b) of this Section 6.01;

(ii) the Indenture Trustee shall not be liable for any error of judgment made in good faith by the Indenture Trustee unless it is proved that the Indenture Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Indenture Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it hereunder.

(d) Every provision of this Indenture that in any way relates to the Indenture Trustee is subject to paragraphs (a), (b) and (c) of this Section 6.01.

(e) The Indenture Trustee shall not be liable for interest on any money received by it except as the Indenture Trustee may agree in writing with the Issuer.

(f) Money held in trust by the Indenture Trustee need not be segregated from other funds held by the Indenture Trustee except to the extent required by law or the terms of this Indenture, the Sale Agreements, the Servicing Agreements, or the Master Servicing Agreement.

(g) No provision of this Indenture shall require the Indenture Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable

grounds to believe that repayments of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it.

(h) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee shall be subject to the provisions of this Section 6.01.

(i) In the event that the Indenture Trustee is also acting as Paying Agent or Securitized Bond Registrar hereunder, the protections of this Article VI shall also be afforded to the Indenture Trustee in its capacity as Paying Agent or Securitized Bond Registrar.

(j) Except for the express duties of the Indenture Trustee with respect to the administrative functions set forth in the Basic Documents, the Indenture Trustee shall have no obligation to administer, service or collect Securitized Property or to maintain, monitor or otherwise supervise the administration, servicing or collection of the Securitized Property.

(k) Under no circumstance shall the Indenture Trustee be liable for any indebtedness of the Issuer, the Master Servicer, the Member Servicers, or the Sellers evidenced by or arising under the Securitized Bonds or the Basic Documents. None of the provisions of this Indenture shall in any event require the Indenture Trustee to perform or be responsible for the performance of any of the Master Servicer's obligations under the Basic Documents.

(l) [Commencing with March 15, 2023, on or before March 15 of each fiscal year ending December 31, the Indenture Trustee shall (i) deliver to the Issuer a report (in form and substance reasonably satisfactory to the Issuer and addressed to the Issuer and signed by an authorized officer of the Indenture Trustee) regarding the Indenture Trustee's assessment of compliance, during the immediately preceding fiscal year ending December 31, with each of the applicable servicing criteria specified on Exhibit D attached hereto and (ii) deliver to the Issuer a report of an Independent public accounting firm reasonably acceptable to the Issuer that attests to and reports on, the assessment of compliance made by the Indenture Trustee and delivered pursuant to clause (i).]

SECTION 6.02. Rights of Indenture Trustee. The Indenture Trustee may conclusively rely and shall be fully protected in relying on any document (including electronic documents and communications delivered in accordance with the terms of this Indenture) believed by it to be genuine and to have been signed or presented by the proper person. The Indenture Trustee need not investigate any fact or matter stated in such document.

(a) Before the Indenture Trustee acts or refrains from acting, it may require and shall be entitled to receive an Officer's Certificate or an Opinion of Counsel of Independent counsel of the Issuer (at no cost or expense to the Indenture Trustee) that such action is required or permitted hereunder. The Indenture Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate or Opinion of Counsel.

(b) The Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys or a custodian or nominee, and the Indenture Trustee shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any such agent, attorney, custodian or

nominee appointed with due care by it hereunder. The Indenture Trustee shall give prompt written notice to the Rating Agency of the appointment of any such agent, custodian or nominee to whom it delegates any of its express duties under this Indenture provided, that the Indenture Trustee shall not be obligated to give such notice (i) if the Issuer or the Holders have directed the Indenture Trustee to appoint such agent, custodian or nominee (in which event the Issuer shall give prompt notice to the Rating Agency of any such direction) or (ii) if the appointment of any agents, custodians or nominees made at any time that an Event of Default of the Issuer has occurred and is continuing.

(c) The Indenture Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers; provided, however, that the Indenture Trustee's conduct does not constitute willful misconduct, negligence or bad faith.

(d) The Indenture Trustee may consult with counsel, and the advice or opinion of counsel with respect to legal matters relating to this Indenture and the Securitized Bonds shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(e) The Indenture Trustee shall be under no obligation to take any action or exercise any of the rights or powers vested in it by this Indenture or any other Basic Document, or to institute, conduct or defend any litigation hereunder or thereunder or in relation hereto or thereto or to investigate any matter, at the request, order or direction of any of the Bondholders pursuant to the provisions of this Indenture and the Series Supplement or otherwise, unless it shall have received security or indemnity against the costs, expenses and liabilities which may be incurred.

(f) In no event shall the Indenture Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, governmental action, strikes, work stoppages, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes, pandemics or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer systems and services; it being understood that the Indenture Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances. The Indenture Trustee will not be responsible for special, indirect, punitive, or consequential damages.

SECTION 6.03. Individual Rights of Indenture Trustee. The Indenture Trustee in its individual or any other capacity may become the owner or pledgee of Securitized Bonds and may otherwise deal with the Issuer or its Affiliates with the same rights it would have if it were not Indenture Trustee. Any Paying Agent, Securitized Bond Registrar, co-registrar or co-paying agent or agent appointed under Section 3.02 may do the same with like rights. However, the Indenture Trustee must comply with Sections 6.11 and 6.12.



SECTION 6.04. Indenture Trustee's Disclaimer. The Indenture Trustee shall not be responsible for and makes no representation (other than as set forth in Section 6.13) as to the validity or adequacy of this Indenture or the Securitized Bonds, it shall not be accountable for the Issuer's use of the proceeds from the Securitized Bonds, and it shall not be responsible for any statement of the Issuer in the Indenture or in any document issued in connection with the sale of the Securitized Bonds or in the Securitized Bonds other than the Indenture Trustee's certificate of authentication. The Indenture Trustee shall not be responsible for the form, character, genuineness, sufficiency, value or validity of any of the Securitized Bond Collateral, or for or in respect of the Securitized Bonds (other than the certificate of authentication for the Securitized Bonds) or the Basic Documents and the Indenture Trustee shall in no event assume or incur any liability, duty or obligation to any Holder, other than as expressly provided in this Indenture. The Indenture Trustee shall not be liable for the default or misconduct of the Issuer, the Sellers, the Member Servicers, the Master Servicer or any other Person under the Basic Documents or otherwise, and the Indenture Trustee shall have no obligation or liability to perform the obligations of such Persons.

SECTION 6.05. Notice of Defaults.

(a) If a Default occurs and is continuing and if it is actually known to a Responsible Officer of the Indenture Trustee or a Responsible Officer of the Indenture Trustee has been notified in writing of such Default, the Indenture Trustee shall mail to the Rating Agency and each Bondholder notice of the Default within ten (10) Business Days after actual notice of such Default was received by a Responsible Officer of the Indenture Trustee (provided that the Indenture Trustee shall give the Rating Agency prompt notice of any payment default in respect of the Securitized Bonds). Except in the case of a Default in payment of principal of and premium, if any, or interest on any Securitized Bond, the Indenture Trustee may withhold the notice if a Responsible Officer in good faith determines that prompt notice of the Default is not likely to be material to Holders and the Default is likely to be cured and therefore that withholding the notice is in the interests of Holders. Except for an Event of Default under Section 5.01(i) or Section 5.01(ii) that occur at a time when the Indenture Trustee is acting as the Paying Agent, and except as provided in the first sentence of this Section 6.05, in no event shall the Indenture Trustee be deemed to have knowledge of a Default.

(b) If a Default occurs and is continuing and if it is actually known to a Responsible Officer of the Indenture Trustee, the Indenture Trustee shall promptly, but no more frequently than monthly, mail to the Member Servicers and the Master Servicer notice of any legal fees or other expenses incurred by the Indenture Trustee in defending or prosecuting any actual or threatened litigation, including any administrative proceeding, in respect of the Securitized Bonds or the Securitized Bond Collateral.

SECTION 6.06. Reports by Indenture Trustee to Holders.

(a) So long as Securitized Bonds are Outstanding and the Indenture Trustee is the Securitized Bond Registrar and Paying Agent, upon the written request of any Holder or the Issuer, within the prescribed period of time for tax reporting purposes after the end of each calendar year, it shall deliver to each relevant current or former Holder such information in its possession as may be required to enable such Holder to prepare its federal income and any

applicable local or State tax returns. If the Securitized Bond Registrar and Paying Agent is other than the Indenture Trustee, such Securitized Bond Registrar and Paying Agent, within the prescribed period of time for tax reporting purposes after the end of each calendar year, shall deliver to each relevant current or former Holder such information in its possession as may be required to enable such Holder to prepare its federal income and any applicable local or State tax returns.

(b) On or prior to the Payment Date or Special Payment Date therefor, the Indenture Trustee will deliver to each Member and each Holder of the Securitized Bonds on such Payment Date or Special Payment Date a statement as provided and prepared by the Master Servicer which will include (to the extent applicable) the following information (and any other information so specified in the Series Supplement) as to the Securitized Bonds with respect to such Payment Date or Special Payment Date or the period since the previous Payment Date, as applicable:

- (i) the amount of the payment to Holders allocable to principal, if any;
- (ii) the amount of the payment to Holders allocable to interest;
- (iii) the aggregate Outstanding Amount of such Securitized Bonds, before and after giving effect to any payments allocated to principal reported under clause (i) above;
- (iv) the difference, if any, between the amount specified in clause (iii) above and the Outstanding Amount specified in the related Expected Amortization Schedule;
- (v) any other transfers and payments to be made on such Payment Date or Special Payment Date, including amounts paid to the Indenture Trustee, the Member Servicers, and to the Master Servicer; and
- (vi) the amounts on deposit in the applicable Capital Subaccount and the applicable Excess Funds Subaccount, after giving effect to the foregoing payments.

(c) The Issuer shall send a copy of each of the Certificate of Compliance delivered to it pursuant to Section 3.03 of the Servicing Agreements and Section 3.03 of the Master Servicing Agreement and the Annual Accountant's Report delivered to it pursuant to Section 3.04 of the Servicing Agreements to the Rating Agency, the Indenture Trustee and to the Master Servicer for posting on the 17g-5 Website in accordance with Rule 17g-5 under the Exchange Act. A copy of such certificate and report may be obtained by any Holder by a request in writing to the Indenture Trustee.

(d) The Indenture Trustee may consult with counsel, and the advice or opinion of such counsel with respect to legal matters relating to this Indenture and the Securitized Bonds shall be full and complete authorization and protection from liability with respect of any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

SECTION 6.07. Compensation and Indemnity. The Issuer shall pay to the Indenture Trustee from time to time reasonable compensation for its services. The Indenture

Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuer shall reimburse the Indenture Trustee for all reasonable out-of-pocket expenses incurred or made by it, including costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, charges, disbursements and advances of the Indenture Trustee's agents, counsel, accountants and experts. The Issuer shall indemnify and hold harmless the Indenture Trustee and its officers, directors, employees and agents against any and all cost, damage, loss, liability, tax or expense (including reasonable attorney's fees and expenses) incurred by it in connection with the administration and the enforcement of this Indenture, the Series Supplement and the Basic Documents and the Indenture Trustee's rights, powers and obligations under this Indenture, the Series Supplement and the Basic Documents and the performance of its duties hereunder and obligations under or pursuant to this Indenture, the Series Supplement and the Basic Documents. The Indenture Trustee shall notify the Issuer as soon as is reasonably practicable of any claim for which it may seek indemnity. Failure by the Indenture Trustee to so notify the Issuer shall not relieve the Issuer of its obligations hereunder. The Issuer shall defend the claim and the Indenture Trustee may have separate counsel and the Issuer shall pay the reasonable fees and expenses of such counsel. The Issuer need not reimburse any expense or indemnify against any loss, liability or expense incurred by the Indenture Trustee through the Indenture Trustee's own willful misconduct, negligence or bad faith. The rights of the Indenture Trustee set forth in this Section 6.07 are subject to and limited by the priority of payments set forth in Section 8.02(e), and any amounts available under Section 8.02(f).

The payment obligations to the Indenture Trustee pursuant to this Section 6.07 shall survive the discharge of this Indenture and the Series Supplement or the earlier resignation or removal of the Indenture Trustee. When the Indenture Trustee incurs expenses after the occurrence of a Default specified in Section 5.01(v) or (vi) with respect to the Issuer, the expenses are intended to constitute expenses of administration under the Bankruptcy Code or any other applicable federal or State bankruptcy, insolvency or similar law.

SECTION 6.08. Replacement of Indenture Trustee and Securities Intermediary.

(a) The Indenture Trustee may resign at any time upon thirty (30) days' prior written notice to the Issuer subject to clause (c) below. The Holders of a majority of the Outstanding Amount of the Securitised Bonds may remove the Indenture Trustee with thirty (30) days' prior written notice by so notifying the Indenture Trustee and may appoint a successor Indenture Trustee. The Issuer shall remove the Indenture Trustee if:

- (i) the Indenture Trustee fails to comply with Section 6.11;
- (ii) the Indenture Trustee is adjudged a bankrupt or insolvent;
- (iii) a receiver or other public officer takes charge of the Indenture Trustee or its property;
- (iv) the Indenture Trustee otherwise becomes incapable of acting; or
- (v) the Indenture Trustee fails to provide to the Issuer any information reasonably requested by the Issuer pertaining to the Indenture Trustee and necessary for

the Issuer or the Sellers to comply with their reporting obligations and such failure is not resolved to the Issuer's and the Indenture Trustee's mutual satisfaction within a reasonable period of time.

Any removal or resignation of the Indenture Trustee shall also constitute a removal or resignation of the Securities Intermediary.

(b) If the Indenture Trustee gives notice of resignation or is removed or if a vacancy exists in the office of Indenture Trustee for any reason (the Indenture Trustee in such event being referred to herein as the retiring Indenture Trustee), the Issuer shall promptly appoint a successor Indenture Trustee and Securities Intermediary.

(c) A successor Indenture Trustee shall deliver a written acceptance of its appointment as the Indenture Trustee and as the Securities Intermediary to the retiring Indenture Trustee and to the Issuer. Thereupon the resignation or removal of the retiring Indenture Trustee shall become effective, and the successor Indenture Trustee shall have all the rights, powers and duties of the Indenture Trustee and Securities Intermediary, as applicable, under this Indenture. No resignation or removal of the Indenture Trustee pursuant to this Section 6.08 shall become effective until acceptance of the appointment by a successor Indenture Trustee having the qualifications set forth in Section 6.11. Notice of any such appointment shall be promptly given to the Rating Agency by the successor Indenture Trustee. The successor Indenture Trustee shall mail a notice of its succession to Holders. The retiring Indenture Trustee shall promptly transfer all property held by it as Indenture Trustee to the successor Indenture Trustee.

(d) If a successor Indenture Trustee does not take office within sixty (60) days after the retiring Indenture Trustee resigns or is removed, the retiring Indenture Trustee, the Issuer or the Holders of a majority in Outstanding Amount of the Securitized Bonds may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(e) If the Indenture Trustee fails to comply with Section 6.11, any Holder may petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(f) Notwithstanding the replacement of the Indenture Trustee pursuant to this Section 6.08, the Issuer's obligations under Section 6.07 shall continue for the benefit of the retiring Indenture Trustee.

SECTION 6.09. Successor Indenture Trustee by Merger. If the Indenture Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation or banking association without any further act shall be the successor Indenture Trustee; provided, however, that if such successor Indenture Trustee is not eligible under Section 6.11, then the successor Indenture Trustee shall be replaced in accordance with Section 6.08. Notice of any such event shall be promptly given to the Rating Agency by the successor Indenture Trustee.

In case at the time such successor or successors by merger, conversion, consolidation or transfer shall succeed to the trusts created by this Indenture any of the

Securitized Bonds shall have been authenticated but not delivered, any such successor to the Indenture Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Securitized Bonds so authenticated; and in case at that time any of the Securitized Bonds shall not have been authenticated, any successor to the Indenture Trustee may authenticate such Securitized Bonds either in the name of any predecessor hereunder or in the name of the successor to the Indenture Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Securitized Bonds or in this Indenture provided that the certificate of the Indenture Trustee shall have.

SECTION 6.10. Appointment of Co-Trustee or Separate Trustee.

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any part of the trust created by this Indenture or the Securitized Bond Collateral may at the time be located, the Indenture Trustee shall have the power and may execute and deliver all instruments to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the trust created by this Indenture or the Securitized Bond Collateral, and to vest in such Person or Persons, in such capacity and for the benefit of the Secured Parties, such title to the Securitized Bond Collateral, or any part hereof, and, subject to the other provisions of this Section 6.10, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 6.11 and no notice to Holders of the appointment of any co-trustee or separate trustee shall be required under Section 6.08. Notice of any such appointment shall be promptly given to the Rating Agency and the Member Servicers by the Indenture Trustee.

(b) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Securitized Bond Collateral or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article VI. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time constitute the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

SECTION 6.11. Eligibility; Disqualification. The Indenture Trustee shall have a combined capital and surplus of at least \$[50,000,000] as set forth in its most recent published annual report of condition and it shall have a long term debt rating of “Baa3” or better by Moody’s.

SECTION 6.12. Reserved.

SECTION 6.13. Representations and Warranties of Indenture Trustee. The Indenture Trustee hereby represents and warrants that:

(a) the Indenture Trustee is a national banking association validly existing and in good standing under the laws of the United States; and

(b) the Indenture Trustee has full power, authority and legal right to execute, deliver and perform this Indenture and the Basic Documents to which the Indenture Trustee is a party and has taken all necessary action to authorize the execution, delivery, and performance by it of this Indenture and such Basic Documents.

SECTION 6.14. Annual Report by Independent Public Accountants. In the event that any firm of Independent public accountants requires the Indenture Trustee to agree or consent to the procedures performed by such firm pursuant to Section 3.04 of any Servicing Agreement, the Indenture Trustee shall deliver such letter of agreement or consent in conclusive reliance upon the direction of the Issuer in accordance with Section 3.04 of any Servicing Agreement. In the event such firm requires the Indenture Trustee to agree to the procedures performed by such firm, the Issuer shall direct the Indenture Trustee in writing to so agree; it being understood and agreed that the Indenture Trustee will deliver such letter of agreement in conclusive reliance upon the direction of the Issuer, and the Indenture Trustee makes no

independent inquiry or investigation to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures.

SECTION 6.15. Custody of Securitized Bond Collateral. The Indenture Trustee shall hold such of the Securitized Bond Collateral (and any other collateral that may be granted to the Indenture Trustee) as consists of instruments, deposit accounts, negotiable documents, money, goods, letters of credit, and advices of credit in the State of New York. The Indenture Trustee shall hold such of the Securitized Bond Collateral as constitute investment property through the Securities Intermediary (which, as of the date hereof, is [\_\_\_\_\_]). The initial Securities Intermediary, hereby agrees (and each future Securities Intermediary shall agree) with the Indenture Trustee that (a) such investment property shall at all times be credited to a securities account of the Indenture Trustee, (b) the Securities Intermediary shall treat the Indenture Trustee as entitled to exercise the rights that comprise each Financial Asset credited to such securities account, (c) all property, other than cash, credited to such securities account shall be treated as a Financial Asset, (d) the Securities Intermediary shall comply with entitlement orders originated by the Indenture Trustee without the further consent of any other person or entity, (e) the Securities Intermediary will not agree with any person other than the Indenture Trustee to comply with entitlement orders originated by such other person, (f) such securities accounts and the property credited thereto shall not be subject to any Lien, or right of set-off in favor of the Securities Intermediary or anyone claiming through it (other than the Indenture Trustee), and (g) such agreement shall be governed by the internal laws of the State of New York. The Indenture Trustee shall hold any Securitized Bond Collateral consisting of money in a deposit account and shall act as a “bank” for purposes of perfecting the security interest in such deposit account. Terms used in the two preceding sentences that are defined in the UCC and not otherwise defined herein shall have the meaning set forth in the UCC.. Except as permitted by this Section 6.15, or elsewhere in this Indenture, the Indenture Trustee shall not hold Securitized Bond Collateral through an agent or a nominee.

## ARTICLE VII

### HOLDERS' LISTS AND REPORTS

SECTION 7.01. Issuer To Furnish Indenture Trustee Names and Addresses of Holders. The Issuer will furnish or cause to be furnished to the Indenture Trustee (a) not more than five (5) days after the earlier of (i) each Record Date and (ii) six (6) months after the last Record Date, a list, in such form as the Indenture Trustee may reasonably require, of the names and addresses of the Bondholders as of such Record Date, (b) at such other times as the Indenture Trustee may request in writing, within thirty (30) days after receipt by the Issuer of any such request, a list of similar form and content as of a date not more than ten (10) days prior to the time such list is furnished; provided, however, that so long as the Indenture Trustee is the Securitized Bond Registrar, no such list shall be required to be furnished.

### SECTION 7.02. Preservation of Information; Communications to Holders.

(a) The Indenture Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of the Holders contained in the most recent list furnished to the Indenture Trustee as provided in Section 7.01 and the names and addresses of Holders

received by the Indenture Trustee in its capacity as Securitized Bond Registrar. The Indenture Trustee may destroy any list furnished to it as provided in such Section 7.01 upon receipt of a new list so furnished.

(b) Holders may communicate with other Holders with respect to their rights under this Indenture or under the Securitized Bonds. In addition, upon the written request of any Holder or group of Holders of Securitized Bonds evidencing not less than 10 percent of the Outstanding Amount of the Securitized Bonds, the Indenture Trustee shall afford the Holder or Holders making such request a copy of a current list of Holders of the Securitized Bonds for purposes of communicating with other Holders with respect to their rights hereunder.

SECTION 7.03. Reports of Issuer. At any time the Securitized Bonds are Outstanding, the Issuer will promptly furnish or cause to be furnished to the Initial Purchaser and, upon request of Holders and prospective purchasers of the Securitized Bonds, to such Holders and prospective purchasers, copies of the information required to be delivered to Holders and prospective purchasers of the Securitized Bonds pursuant to Rule 144A(d)(4) under the Securities Act (or any successor provision thereto) in order to permit compliance with Rule 144A in connection with resales by such Holders of the Securitized Bonds.

## ARTICLE VIII

### ACCOUNTS, DISBURSEMENTS AND RELEASES

SECTION 8.01. Collection of Money. Except as otherwise expressly provided herein, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture and the other Basic Documents. The Indenture Trustee shall apply all such money received by it as provided in this Indenture. Except as otherwise expressly provided in this Indenture, if any default occurs in the making of any payment or performance under any agreement or instrument that is part of the Securitized Bond Collateral, the Indenture Trustee may take such action as may be appropriate to enforce such payment or performance, subject to Article VI, including the institution and prosecution of appropriate Proceedings. Any such action shall be without prejudice to any right to claim a Default or Event of Default under this Indenture and any right to proceed thereafter as provided in Article V.

#### SECTION 8.02. Collection Account.

(a) Prior to the Closing Date, the Issuer shall open or cause to be opened, at the Indenture Trustee's office located at the Corporate Trust Office, or at another Eligible Institution, a segregated trust account in the Indenture Trustee's name for the deposit of SC Collections and all other amounts received with respect to the Securitized Bond Collateral (the "Collection Account"). The Collection Account will consist of three subaccounts: a general subaccount (the "General Subaccount"), an excess funds subaccount (the "Excess Funds Subaccount"), and a capital subaccount (the "Capital Subaccount" and, together with the General



Subaccount, and the Excess Funds Subaccount, the “Subaccounts”); provided that the Series Supplement may provide for the establishment of a cost of issuance subaccount to provide for the application of Securitized Bond proceeds to the payment of the costs of issuing the Securitized Bonds. For administrative purposes, the Subaccounts may, but need not, be established by the Indenture Trustee as separate accounts. Such separate accounts will be recognized individually as a Subaccount and collectively as the “Collection Account.” Prior to or concurrently with the issuance of the Securitized Bonds, the Issuer shall deposit into the Capital Subaccount an amount equal to the Required Capital Level for the Securitized Bonds. All amounts in the Collection Account not allocated to any other subaccount shall be allocated to the General Subaccount. Prior to the initial Payment Date, all amounts in the Collection Account (other than funds deposited into the Capital Subaccount, up to the Required Capital Level for the Securitized Bonds) shall be allocated to the General Subaccount. All references to the Collection Account shall be deemed to include reference to all subaccounts contained therein. Withdrawals from and deposits to each of the foregoing subaccounts of the Collection Account shall be made as set forth in Sections 8.02(d), (e), and (f). The Collection Account shall at all times be maintained in an Eligible Account, will be under the sole dominion and exclusive control of the Indenture Trustee, and only the Indenture Trustee shall have access to the Collection Account for the purpose of making deposits in and withdrawals from the Collection Account in accordance with this Indenture. Funds in the Collection Account shall not be commingled with any other moneys. All moneys deposited from time to time in the Collection Account, all deposits therein pursuant to this Indenture, and all investments made in Eligible Investments as directed in writing by the Issuer with such moneys, including all income or other gain from such investments, shall be held by the Indenture Trustee in the Collection Account as part of the Securitized Bond Collateral as herein provided. The Indenture Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any Eligible Investment prior to its stated maturity or its date of redemption or the failure of the Issuer or the Master Servicer to provide timely written investment direction.

(b) The Securities Intermediary hereby confirms that (i) the Collection Account is, or at inception will be established as, a “securities account” as such term is defined in Section 8-501(a) of the UCC, (ii) it is a “securities intermediary” (as such term is defined in Section 8-102(a) (14) of the UCC) and is acting in such capacity with respect to such accounts, (iii) the Indenture Trustee for the benefit of the Secured Parties is the sole “entitlement holder” (as such term is defined in Section 8-102(a)(7) of the UCC) with respect to the Collection Account and (iv) the Securities Intermediary agrees to comply with “entitlement orders” originated by the Indenture Trustee with respect to the Collection Account without further consent of the Issuer or any other Person. The Securities Intermediary hereby further agrees that each item of property (whether investment property, financial asset, security, instrument or cash) received by it will be credited to the Collection Account. Such property, shall be treated by it as a Financial Asset. Notwithstanding anything to the contrary, for purposes of the UCC, New York State shall be deemed to be “securities intermediary jurisdiction” within the meaning of Section 8-110(e) of the UCC of the Securities Intermediary and “bank’s jurisdiction” within the meaning of Section 9-304(a) of the UCC of the Securities Intermediary acting as the “bank” and the Collection Account (as well as the securities entitlements related thereto) shall be governed by the laws of the State of New York. The Securities Intermediary represents and agrees that (i) the “account agreement” (within the meaning of the Hague Securities Convention establishing the Collection Account is governed by the law of the State of New York and that the law of the State

of New York shall govern all issues specified in Article 2(1) of the Hague Securities Convention and (ii) at the time of entry of such account agreement, the Securities Intermediary had one or more offices (within the meaning of the Hague Securities Convention) in the United States of America which satisfies the criteria provided in Article 4(1)(a) or (b) of the Hague Securities Convention..

(c) The Indenture Trustee shall have sole dominion and exclusive control over all moneys in the Collection Account through the Securities Intermediary and shall apply such amounts therein as provided in this Section 8.02.

(d) SC Collections shall be deposited in the General Subaccount as provided in Section 6.11 of each Servicing Agreement. All deposits to and withdrawals from the Collection Account, all allocations to the subaccounts of the Collection Account and any amounts to be paid to the Master Servicer or any Member Servicer shall be made by the Indenture Trustee in accordance with the written instructions provided by the Master Servicer in the Semi-Annual Master Servicer's Certificate or upon other written notice provided by the Member Servicers pursuant to Section 6.11(a) of each Servicing Agreement, as applicable.

(e) On each Payment Date for the Securitized Bonds, the Indenture Trustee shall apply all amounts on deposit in the Collection Account, including all net earnings thereon, to pay the following amounts, in accordance with the Semi-Annual Servicer's Certificate, in the following priority:

(i) all amounts owed by the Issuer to the Indenture Trustee (including legal fees and expenses and outstanding indemnity amounts) shall be paid to the Indenture Trustee (subject to Section 6.07) in an amount not to exceed annually the amount set forth in the Series Supplement or such greater amount as approved by the Participating Members in the Financing Order;

(ii) on a pro rata basis, the Master Servicing Fee for such Payment Date and all unpaid Master Servicing Fees for prior Payment Dates shall be paid to the Master Servicer and the Servicing Fee for such Payment Date and all unpaid Servicing Fees for prior Payment Dates shall be paid to each Member Servicer;

(iii) the Independent Manager fee for such Payment Date shall be paid to the Independent Manager;

(iv) on a pro rata basis, all other ordinary and periodic Ongoing Financing Costs (not including Customer Reimbursements) for such Payment Date not described above shall be paid to the parties to which such Ongoing Financing Costs are owed;

(v) Periodic Interest for such Payment Date, including any overdue Periodic Interest (together with, to the extent lawful, interest on such overdue Periodic Interest at the applicable Securitized Bond Interest Rate), with respect to the Securitized Bonds shall be paid to the Holders of the Securitized Bonds;

(vi) principal due and payable on the Securitized Bonds as a result of an Event of Default or on the Final Maturity Date of the Securitized Bonds shall be paid to the Holders of the Securitized Bonds;

(vii) Periodic Principal for such Payment Date, including any overdue Periodic Principal, with respect to the Securitized Bonds shall be paid to the Holders of the Securitized Bonds in the order provided in the Series Supplement;

(viii) any other unpaid Ongoing Financing Costs (other than Customer Reimbursements), fees, expenses and indemnity amounts owed to the Indenture Trustee;

(ix) the amount, if any, by which the Required Capital Level with respect to the Securitized Bonds exceeds the amount in the Capital Subaccount as of such Payment Date shall be allocated to the Capital Subaccount;

(x) the balance, if any, shall be allocated to the Excess Funds Subaccount for distribution on subsequent Payment Dates; and

(xi) after principal of and premium, if any, and interest on all Securitized Bonds, and all of the other foregoing amounts, have been paid in full, including, without limitation, amounts due and payable to the Indenture Trustee under Section 6.07 or otherwise, the balance (including all amounts then held in the Capital Subaccount, and the Excess Funds Subaccount), if any, shall be paid to the Issuer, free from the Lien of this Indenture and the Series Supplement, for the purpose of paying Customer Reimbursements, as determined by the Master Servicer.

All payments to the Holders pursuant to clauses (v), (vi) and (vii) above shall be made to such Holders pro rata based on the respective amounts of interest and/or principal owed, unless, in the case of Securitized Bonds comprised of two or more Tranches, the Series Supplement provides otherwise. Payments in respect of principal of and premium, if any, and interest on any Tranche of Securitized Bonds will be made on a pro rata basis among all the Holders of such Tranche. In the case of an Event of Default, then, in accordance with Section 5.04(c), moneys will be applied pursuant to clauses (v) and (vi), in such order, on a pro rata basis, based upon the interest or the principal owed.

The amounts paid during any calendar year pursuant to clauses (i), (ii), (iii), (iv) and (viii) may not exceed the amounts approved in the Series Supplement unless each Member approves a different aggregate amount for such payments.

(f) If on any Payment Date funds on deposit in the General Subaccount are insufficient to make the payments contemplated by clauses (i) through (viii) of Section 8.02(e), the Indenture Trustee shall (i) first, draw from amounts on deposit in the Excess Funds Subaccount and (ii) second, draw from amounts on deposit in the Capital Subaccount, in each case, up to the amount of such shortfall in order to make the payments contemplated by clauses (i) through (viii) of Section 8.02(e). In addition, if on any Payment Date funds on deposit in the General Subaccount are insufficient to make the allocations contemplated by clause (x) above, the Indenture Trustee shall draw from amounts on deposit in the Excess Funds Subaccount to make such allocations.

SECTION 8.03. General Provisions Regarding the Collection Accounts.

(a) So long as no Default or Event of Default shall have occurred and be continuing, all or a portion of the funds in the Collection Account shall be invested in Eligible Investments and reinvested by the Indenture Trustee upon Issuer Order; provided, however, that (i) such Eligible Investments shall not mature or be redeemed later than the Business Day prior to the next Payment Date or Special Payment Date, if applicable, for the Securitized Bonds and (ii) such Eligible Investments shall not be sold, liquidated or otherwise disposed of at a loss prior to the maturity or the date of redemption thereof. All income or other gain from investments of moneys deposited in the Collection Account shall be deposited by the Indenture Trustee in the Collection Account, and any loss resulting from such investments shall be charged to the Collection Account. The Issuer will not direct the Indenture Trustee to make any investment of any funds or to sell any investment held in the Collection Account unless the security interest Granted and perfected in such account will continue to be perfected in such investment or the proceeds of such sale, in either case without any further action by any Person, and, in connection with any direction to the Indenture Trustee to make any such investment or sale, if requested by the Indenture Trustee, the Issuer shall deliver to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer (at the Issuer's cost and expense) to such effect. In no event shall the Indenture Trustee be liable for the selection of Eligible Investments or for investment losses incurred thereon. The Indenture Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any Eligible Investment prior to its stated maturity or its date of redemption or the failure of the Issuer or the Master Servicer to provide timely written investment direction. The Indenture Trustee shall have no obligation to invest or reinvest any amounts held hereunder in the absence of written investment direction pursuant to an Issuer Order.

(b) Subject to Section 6.01(c), the Indenture Trustee shall not in any way be held liable by reason of any insufficiency in the Collection Account resulting from any loss on any Eligible Investment included therein except for losses attributable to the Indenture Trustee's failure to make payments on such Eligible Investments issued by the Indenture Trustee, in its commercial capacity as principal obligor and not as trustee, in accordance with their terms.

(c) If (i) the Issuer shall have failed to give written investment directions for any funds on deposit in the Collection Account to the Indenture Trustee by 11:00 a.m. Eastern Time (or such other time as may be agreed by the Issuer and Indenture Trustee) on any Business Day; or (ii) a Default or Event of Default shall have occurred and be continuing with respect to the Securitized Bonds but the Securitized Bonds shall not have been declared due and payable pursuant to Section 5.02, then the Indenture Trustee shall, to the fullest extent practicable, invest and reinvest funds in the Collection Account in one or more money market funds described under clause (d) of the definition of "Eligible Investments" pursuant to the most recent written investment directions delivered by the Issuer to the Indenture Trustee with respect to such type of Eligible Investments; provided that if the Issuer has never delivered written investment directions to the Indenture Trustee or if the money market fund specified in the most recent written investment directions no longer exists, the Indenture Trustee shall not invest or reinvest such funds in any investments.

(d) The parties hereto acknowledge that the Master Servicer may, pursuant to the Master Servicing Agreement, select Eligible Investments on behalf of the Issuer.

SECTION 8.04. Release of Securitized Bond Collateral.

(a) So long as the Issuer is not in default hereunder and no Default hereunder would occur as a result of such action, the Issuer, through the Master Servicer, may collect, sell or otherwise dispose of written-off receivables, at any time and from time to time in the ordinary course of business, without any notice to, or release or consent by, the Indenture Trustee, but only as and to the extent permitted by the Basic Documents; provided, however, that any and all proceeds of such dispositions shall become Securitized Bond Collateral and be deposited to the General Subaccount immediately upon receipt thereof by the Issuer or any other Person, including the Master Servicer. Without limiting the foregoing, the Master Servicer, may, at any time and from time to time without any notice to, or release or consent by, the Indenture Trustee, sell or otherwise dispose of any Securitized Bond Collateral which is part of a Bill previously written-off as a defaulted or uncollectible account in accordance with the terms of the Servicing Agreements and the requirements of the proviso in the immediately preceding sentence.

(b) The Indenture Trustee may, and when required by the provisions of this Indenture shall, execute instruments to release property from the Lien of this Indenture and the Series Supplement, or convey the Indenture Trustee's interest in the same, in a manner and under circumstances that are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article VIII shall be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys. The Indenture Trustee shall release property from the Lien of this Indenture and the Series Supplement pursuant to this Section 8.04(b) only upon receipt of an Issuer Request accompanied by an Officer's Certificate, an Opinion of Counsel of external counsel of the Issuer (at the Issuer's cost and expense).

(c) The Indenture Trustee shall, at such time as there are no Securitized Bonds Outstanding and all sums payable to the Indenture Trustee pursuant to Section 6.07 or otherwise have been paid, release any remaining portion of the Securitized Bond Collateral that secured the Securitized Bonds from the Lien of this Indenture and the Series Supplement, release to the Issuer or any other Person entitled thereto any funds or investments then on deposit in or credit to the Collection Account.

SECTION 8.05. Opinion of Counsel. The Indenture Trustee shall receive at least seven (7) days' notice when requested by the Issuer to take any action pursuant to Section 8.04, accompanied by copies of any instruments involved, and the Indenture Trustee shall also require, as a condition to such action, an Opinion of Counsel of Independent counsel of the Issuer, in form and substance satisfactory to the Indenture Trustee, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with and such action will not materially and adversely impair the security for the Securitized Bonds or the rights of the Holders in contravention of the provisions of this Indenture and the Series Supplement; provided, however, that such Opinion of Counsel shall not be required to express an opinion as to the fair value of the Securitized Bond Collateral. Counsel rendering any such opinion may rely, without

independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

SECTION 8.06. Reports by Issuer's Independent Public Accountants. As of the Closing Date, the Issuer shall appoint a firm of Independent public accountants of recognized national reputation for purposes of preparing and delivering the reports or certificates of such accountants required by this Indenture and the Series Supplement. In the event such firm requires the Indenture Trustee to agree to the procedures performed by such firm, the Issuer shall direct the Indenture Trustee in writing to so agree; it being understood and agreed that the Indenture Trustee will deliver such letter of agreement in conclusive reliance upon the direction of the Issuer, and the Indenture Trustee makes no independent inquiry or investigation to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures. Upon any resignation by, or termination by the Issuer of, such firm the Issuer shall provide written notice thereof to the Indenture Trustee and shall promptly appoint a successor thereto that shall also be a firm of Independent public accountants of recognized national reputation. If the Issuer shall fail to appoint a successor to a firm of Independent public accountants that has resigned or been terminated within fifteen (15) days after such resignation or termination, the Indenture Trustee shall promptly notify the Issuer of such failure in writing. If the Issuer shall not have appointed a successor within ten (10) days thereafter the Indenture Trustee shall promptly appoint a successor firm of Independent public accountants of recognized national reputation; provided that the Indenture Trustee shall have no liability with respect to such appointment. The fees of such Independent public accountants and its successor shall be payable by the Issuer.

## ARTICLE IX

### Supplemental Indentures

#### SECTION 9.01. Supplemental Indentures Without Consent of Holders.

(a) Without the consent of the Holders of any Securitized Bonds but with prior notice to the Rating Agency, the Issuer and the Indenture Trustee, when authorized by an Issuer Order, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(i) to correct or amplify the description of any property, including, without limitation, the Securitized Bond Collateral, at any time subject to the Lien of this Indenture and the Series Supplement, or better to assure, convey and confirm unto the Indenture Trustee any property subject or required to be subjected to the Lien of this Indenture and the Series Supplement, or to subject to the Lien of this Indenture and the Series Supplement additional property;

(ii) to evidence the succession, in compliance with the applicable provisions hereof, of another person to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Securitized Bonds;

(iii) to add to the covenants of the Issuer, for the benefit of the Secured Parties, or to surrender any right or power herein conferred upon the Issuer;

(iv) to convey, transfer, assign, mortgage or pledge any property to or with the Indenture Trustee;

(v) to cure any ambiguity or mistake, to correct or supplement any provision herein or in any supplemental indenture, including the Series Supplement, which may be inconsistent with any other provision herein or in any supplemental indenture, including the Series Supplement, or to make any other provisions with respect to matters or questions arising under this Indenture or in any supplemental indenture; provided that (i) such action shall not, as evidenced by an Opinion of Counsel of external counsel of the Issuer, adversely affect in any material respect the interests of the Holders of the Securitized Bonds and (ii) the Rating Agency Condition shall have been satisfied with respect thereto;

(vi) to evidence and provide for the acceptance of the appointment hereunder by a successor trustee with respect to the Securitized Bonds and to add to or change any of the provisions of this Indenture as shall be necessary to facilitate the administration of the trusts hereunder by more than one trustee, pursuant to the requirements of Article VI;

(vii) if the Issuer shall deliver to the Indenture Trustee an Opinion of Counsel of Independent counsel to the effect that such changes are necessary to meet the requirements of the United States securities laws;

(viii) to set forth the terms of any Tranche that has not theretofore been authorized by the Series Supplement;

(ix) to qualify the Securitized Bonds for registration with a Clearing Agency;

(x) to satisfy any Rating Agency requirements; or

(xi) to make any amendment to this Indenture or the Securitized Bonds relating to the transfer and legending of the Securitized Bonds to comply with applicable securities laws.

The Indenture Trustee is hereby authorized to join in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained.

(b) The Issuer and the Indenture Trustee, when authorized by an Issuer Order, may, also without the consent of any of the Holders of the Securitized Bonds, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Holders of the Securitized Bonds under this Indenture; provided, however, that (i) such action shall not, as evidenced by an Opinion of Counsel of nationally recognized counsel of the Issuer experienced in structured finance transactions, adversely affect

in any material respect the interests of the Holders and (ii) the Rating Agency Condition shall have been satisfied with respect thereto.

SECTION 9.02. Supplemental Indentures with Consent of Holders. The Issuer and the Indenture Trustee, when authorized by an Issuer Order, also may, with prior notice to the Rating Agency and with the consent of the Holders of not less than a majority of the Outstanding Amount of the Securitized Bonds of each Tranche to be affected, by Act of such Holders delivered to the Issuer and the Indenture Trustee, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Holders of the Securitized Bonds under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Securitized Bond of each Tranche affected thereby:

(i) change the date of payment of any installment of principal of or premium, if any, or interest on any Securitized Bond of such Tranche, or reduce the principal amount thereof, the interest rate thereon or premium, if any, with respect thereto, change the provisions of this Indenture and the Series Supplement relating to the application of collections on, or the proceeds of the sale of, the Securitized Bond Collateral to payment of principal of or premium, if any, or interest on the Securitized Bonds, or change any place of payment where, or the coin or currency in which, any Securitized Bond or the interest thereon is payable;

(ii) reduce the percentage of the Outstanding Amount of the Securitized Bonds or of a Tranche thereof, the consent of the Holders of which is required for any such supplemental indenture, or the consent of the Holders of which is required for any waiver of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences provided for in this Indenture;

(iii) reduce the percentage of the Outstanding Amount of the Securitized Bonds required to direct the Indenture Trustee to direct the Issuer to sell or liquidate the Securitized Bond Collateral pursuant to Section 5.04;

(iv) modify any provision of this Section 9.02 except to increase any percentage specified herein or to provide that those provisions of this Indenture referenced in this Section 9.02 cannot be modified or waived without the consent of the Holder of each Outstanding Securitized Bond affected thereby;

(v) modify any of the provisions of this Indenture in such manner as to affect the calculation of the amount of any payment of interest, principal or premium, if any, due on any Securitized Bond on any Payment Date (including the calculation of any of the individual components of such calculation) or change the Expected Amortization Schedules or Final Maturity Date of any Tranche of Securitized Bonds;

(vi) decrease the Required Capital Level;

(vii) permit the creation of any Lien ranking prior to or on a parity with the Lien of this Indenture and the Series Supplement with respect to any part of the



Securitized Bond Collateral or, except as otherwise permitted or contemplated herein, terminate the Lien of this Indenture and the Series Supplement on any property at any time subject hereto or deprive the Holder of any Securitized Bond of the security provided by the Lien of this Indenture and the Series Supplement;

(viii) cause any material adverse federal income tax consequence to the Sellers, the Issuer, the Managers, the Indenture Trustee or the then existing Holders; or

(ix) impair the right to institute suit for the enforcement of the provisions of this Indenture regarding payment or application of funds.

It shall not be necessary for any Act of Holders under this Section 9.02 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Promptly after the execution by the Issuer and the Indenture Trustee of any supplemental indenture pursuant to this Section 9.02, the Issuer shall mail to the Rating Agency a copy of such supplemental indenture and to the Holders of the Securitized Bonds to which such supplemental indenture relates either a copy of such supplemental indenture or a notice setting forth in general terms the substance of such supplemental indenture. Any failure of the Issuer to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

SECTION 9.03. Execution of Supplemental Indentures. In executing any supplemental indenture permitted by this Article IX or the modifications thereby of the trust created by this Indenture, the Indenture Trustee shall be entitled to receive, and subject to Sections 6.01 and 6.02, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture and all conditions precedent have been satisfied. The Indenture Trustee may, but shall not be obligated to, enter into any such supplemental indenture that affects the Indenture Trustee's own rights, duties, liabilities or immunities under this Indenture or otherwise.

SECTION 9.04. Effect of Supplemental Indenture. Upon the execution of any supplemental indenture pursuant to the provisions hereof, this Indenture shall be and be deemed to be modified and amended in accordance therewith with respect to each Tranche of Securitized Bonds affected thereby, and the respective rights, limitations of rights, obligations, duties, liabilities and immunities under this Indenture of the Indenture Trustee, the Issuer and the Holders shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 9.05. Reserved.

SECTION 9.06. Reference in Securitized Bonds to Supplemental Indentures. Securitized Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to this Article IX may, and if required by the Indenture Trustee shall, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such supplemental

indenture. If the Issuer or the Indenture Trustee shall so determine, new Securitized Bonds so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such supplemental indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Securitized Bonds.

## ARTICLE X

### Miscellaneous

#### SECTION 10.01. Compliance Certificates and Opinions, etc.

(a) Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer shall furnish to the Indenture Trustee (i) an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that, in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(i) a statement that each signatory of such certificate or opinion has read or has caused to be read such covenant or condition and the definitions herein relating thereto;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of each such signatory, such signatory has made such examination or investigation as is necessary to enable such signatory to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether, in the opinion of each such signatory, such condition or covenant has been complied with.

(b) (i) Prior to the deposit of any Securitized Bond Collateral or other property or securities with the Indenture Trustee that is to be made the basis for the release of any property or securities subject to the Lien of this Indenture and the Series Supplement, the Issuer shall, in addition to any obligation imposed in Section 10.01(a) or elsewhere in this Indenture, furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (within ninety (90) days of such deposit) to the Issuer of the Securitized Bond Collateral or other property or securities to be so deposited.

(ii) Whenever the Issuer is required to furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of any signer thereof as to the matters described in clause (i) above, the Issuer shall also deliver to the Indenture Trustee an Independent Certificate as to the same matters, if the fair value to the Issuer of the securities to be so deposited and of all other such securities made the basis of any such withdrawal or release since the commencement of the then-current fiscal year of the Issuer, as set forth in the certificates delivered pursuant to clause (i) above and this clause (ii), is ten percent or more of the Outstanding Amount of the Securitized Bonds, but such a certificate need not be furnished with respect to any securities so deposited, if the fair value thereof to the Issuer as set forth in the related Officer's Certificate is less than the lesser of (A) \$25,000 or (B) one percent of the Outstanding Amount of the Securitized Bonds.

(iii) Whenever any property or securities are to be released from the Lien of this Indenture and the Series Supplement other than pursuant to Section 8.02(e), the Issuer shall also furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (within ninety (90) days of such release) of the property or securities proposed to be released and stating that in the opinion of such person the proposed release will not impair the security under this Indenture in contravention of the provisions hereof.

(iv) Whenever the Issuer is required to furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of any signatory thereof as to the matters described in clause (iii) above, the Issuer shall also furnish to the Indenture Trustee an Independent Certificate as to the same matters if the fair value of the property or securities and of all other property with respect to the Securitized Bonds, or securities released from the Lien of this Indenture and the Series Supplement (other than pursuant to Section 8.02(e)) since the commencement of the then-current calendar year, as set forth in the certificates required by clause (iii) above and this clause (iv), equals 10 percent or more of the Outstanding Amount of the Securitized Bonds, but such certificate need not be furnished in the case of any release of property or securities if the fair value thereof as set forth in the related Officer's Certificate is less than the lesser of (A) \$25,000 or (B) one percent of the then Outstanding Amount of the Securitized Bonds.

(v) Notwithstanding Section 2.16 or any other provision of this Section 10.01, the Indenture Trustee may (A) collect, liquidate, sell or otherwise dispose of the Securitized Property and the other Securitized Bond Collateral as and to the extent permitted or required by the Basic Documents and (B) make cash payments out of each Collection Account as and to the extent permitted or required by the Basic Documents.

SECTION 10.02. Form of Documents Delivered to Indenture Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of a Responsible Officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion is based are erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters (including financial and capital markets), upon a certificate or opinion of, or representations by, an officer or officers of the Master Servicer or the Issuer and other documents necessary and advisable in the judgment of counsel delivering such Opinion of Counsel.

Whenever in this Indenture, in connection with any application or certificate or report to the Indenture Trustee, it is provided that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report. The foregoing shall not, however, be construed to affect the Indenture Trustee's right to rely conclusively upon the truth and accuracy of any statement or opinion contained in any such document as provided in Article VI.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

#### SECTION 10.03. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agents duly appointed in writing; and except as herein otherwise expressly provided such action shall become effective when such instrument or instruments are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 6.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 10.03.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved in any manner that the Indenture Trustee deems sufficient.

(c) The ownership of Securitized Bonds shall be proved by the Securitized Bond Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Securitized Bonds shall bind the Holder of every Securitized

Bond issued upon the registration thereof or in exchange therefor or in lieu thereof, in respect of anything done, omitted or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Securitized Bond.

SECTION 10.04. Notices, etc., to Indenture Trustee, Issuer and Rating Agency.

(a) Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other documents provided or permitted by this Indenture to be made upon, given or furnished to or filed with:

(i) the Indenture Trustee by any Holder or by the Issuer shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing by facsimile transmission, first-class mail or overnight delivery service to or with the Indenture Trustee at the Corporate Trust Office,

(ii) the Issuer by the Indenture Trustee or by any Holder shall be sufficient for every purpose hereunder if in writing and mailed, first-class, postage prepaid, to the Issuer addressed to: Brazos Securitization LLC c/o Brazos Electric Power Cooperative, Inc., [\_\_\_\_]; with a copy to [\_\_\_\_], or at any other address previously furnished in writing to the Indenture Trustee by the Issuer. The Issuer shall promptly transmit any notice received by it from the Holders to the Indenture Trustee,

(iii) the Member Servicers or the Participating Members by the Issuer, the Master Servicer or the Indenture Trustee shall be sufficient for every purpose hereunder if in writing and mailed, first-class, postage prepaid, to each Member addressed to: [\_\_\_\_]; and

(iv) the Master Servicer by the Issuer, the Participating Members or the Indenture Trustee shall be sufficient for every purpose hereunder if in writing and mailed, first-class, postage prepaid, to the Master Servicer addressed to: [\_\_\_\_].

(b) Notices required to be given to the Rating Agency by the Issuer or the Indenture Trustee shall be in writing, facsimile, personally delivered or mailed by certified mail, return receipt requested to:

(i) in the case of Moody's, to: Moody's Investors Service, Inc., ABS/RMBS Monitoring Department, 25th Floor, 7 World Trade Center, 250 Greenwich, New York, New York 10007, Email: [abscormonitoring@moody.com](mailto:abscormonitoring@moody.com) (all such notices to be delivered to Moody's in writing by email); or

(ii) at such other address as shall be designated by written notice to the other parties.

Any notice, report or other communication given hereunder may be in writing and addressed as follows or to the extent receipt is confirmed telephonically sent by Electronic Means to the address provided above.

SECTION 10.05. Notices to Holders; Waiver. Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class, postage prepaid to each Holder affected by such event, at such Holder's address as it appears on the Securitized Bond Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice nor any defect in any notice so mailed to any particular Holder shall affect the sufficiency of such notice with respect to other Holders, and any notice that is mailed in the manner herein provided shall conclusively be presumed to have been duly given.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Indenture Trustee but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such a waiver.

In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event of Holders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Indenture Trustee shall be deemed to be a sufficient giving of such notice.

Where this Indenture provides for notice to the Rating Agency, failure to give such notice shall not affect any other rights or obligations created hereunder, and shall not under any circumstance constitute a Default or Event of Default.

SECTION 10.06. Rule 17g-5 Compliance. The Issuer shall comply with its obligations under Rule 17g-5 promulgated under the Exchange Act ("Rule 17g-5"), by its or its agent's posting on the website required to be maintained under Rule 17g-5 (the "17g-5 Website"), no later than the time such information is provided to the Rating Agency, all information that the Issuer or other parties on its behalf, including the Indenture Trustee, the Member Servicers, and the Master Servicer, provide to the Rating Agency for the purposes of determining the initial credit rating of the Securitized Bonds or undertaking credit rating surveillance of the Securitized Bonds (the "17g-5 Information"); provided, that following the Closing Date, no party other than the Issuer, the Indenture Trustee, the Member Servicers or the Master Servicer may provide information to the Rating Agency on the Issuer's behalf without the prior written consent of the Master Servicer. To the extent that any of the Issuer, the Indenture Trustee, the Member Servicers or the Master Servicer is required to provide any information to, or communicate with, any Rating Agency in writing in accordance with its obligations under this Indenture, the Master Servicing Agreement or the Servicing Agreements, the Issuer, the Member Servicers or the Master Servicer, as applicable (or their respective representatives or advisers), shall promptly post, or cause to be posted, such information or communication to the 17g-5 Website. The Indenture Trustee will provide any information given to the Rating Agency to the Issuer, the Member Servicers and the Master Servicer simultaneously with giving such information to the Rating Agency. To the extent any of the Issuer, the Indenture Trustee, the Master Servicer or the Member Servicers are engaged in oral communications with the Rating Agency, for the purposes of determining the initial credit rating of the Securitized Bonds or

undertaking credit rating surveillance of the Securitized Bonds, the party communicating with the Rating Agency shall cause such oral communication to either be (x) recorded and an audio file containing the recording to be promptly posted to the 17g-5 Website or (y) summarized in writing and the summary to be promptly posted to the 17g-5 Website (or with respect to the Indenture Trustee, in the case of either (x) or (y), delivered to the Issuer, the Master Servicer and the Member Servicers for posting on the 17g-5 Website).

SECTION 10.07. Reserved.

SECTION 10.08. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 10.09. Successors and Assigns. All covenants and agreements in this Indenture and the Securitized Bonds by the Issuer shall bind its successors and assigns, whether so expressed or not. All agreements of the Indenture Trustee in this Indenture shall bind its successors.

SECTION 10.10. Severability. Any provision in this Indenture or in the Securitized Bonds that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 10.11. Benefits of Indenture. Nothing in this Indenture or in the Securitized Bonds, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Holders, and any other party secured hereunder, and any other Person with an ownership interest in any part of the Securitized Bond Collateral, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 10.12. Legal Holidays. In any case where the date on which any payment is due shall not be a Business Day, then (notwithstanding any other provision of the Securitized Bonds or this Indenture) payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date on which nominally due, and no interest shall accrue for the period from and after any such nominal date.

SECTION 10.13. GOVERNING LAW. THIS INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND SECTIONS 9-301 THROUGH 9-306 OF THE NY UCC), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS; PROVIDED THAT THE CREATION, ATTACHMENT AND PERFECTION OF ANY LIENS CREATED HEREUNDER IN SECURITIZED PROPERTY, AND ALL RIGHTS AND REMEDIES OF

THE INDENTURE TRUSTEE AND THE HOLDERS WITH RESPECT TO SUCH SECURITIZED PROPERTY, SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS.

SECTION 10.14. Counterparts. This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 10.15. Recording of Indenture. If this Indenture is subject to recording in any appropriate public recording offices, such recording is to be effected by the Issuer and at its expense accompanied by an Opinion of Counsel at the Issuer's cost and expense (which shall be external counsel of the Issuer) to the effect that such recording is necessary either for the protection of the Holders or any other Person secured hereunder or for the enforcement of any right or remedy granted to the Indenture Trustee under this Indenture.

SECTION 10.16. Issuer Obligation. No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or the Indenture Trustee on the Securitized Bonds or under this Indenture or any certificate or other writing delivered in connection herewith or therewith, against (i) any owner of a membership interest in the Issuer (including Brazos) or (ii) any shareholder, partner, owner, beneficiary, agent, officer, director or employee of the Indenture Trustee, the Managers or any owner of a membership interest in the Issuer (including Brazos) in its respective individual capacity, or of any successor or assign of any of them in their respective individual or corporate capacities, except as any such Person may have expressly agreed in writing. Each Holder by accepting a Securitized Bond specifically confirms the nonrecourse nature of these obligations, and waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Securitized Bonds.

SECTION 10.17. No Recourse to Issuer. Notwithstanding any provision of this Indenture or the Series Supplement to the contrary, Holders shall look only to the Securitized Bond Collateral with respect to any amounts due to the Holders hereunder and under the Securitized Bonds and, in the event such Securitized Bond Collateral is insufficient to pay in full the amounts owed on the Securitized Bonds, shall have no recourse against the Issuer in respect of such insufficiency. Each Holder by accepting a Securitized Bond specifically confirms the nonrecourse nature of these obligations, and waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Securitized Bonds.

SECTION 10.18. Basic Documents. The Indenture Trustee is hereby authorized to execute and deliver the Master Servicing Agreement, the Servicing Agreements and to execute and deliver any other Basic Document which it is requested to acknowledge.

SECTION 10.19. No Petition. The Indenture Trustee, by entering into this Indenture, and each Holder, by accepting a Securitized Bond (or interest therein) issued hereunder, hereby covenant and agree that they shall not, prior to the date which is one year and one day after the termination of this Indenture, acquiesce, petition or otherwise invoke or cause the Issuer or any Manager to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against the Issuer under any insolvency law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar



official of the Issuer or any substantial part of its respective property, or ordering the dissolution, winding up or liquidation of the affairs of the Issuer. Nothing in this paragraph shall preclude, or be deemed to estop, such Holder or the Indenture Trustee (A) from taking or omitting to take any action prior to such date in (i) any case or proceeding voluntarily filed or commenced by or on behalf of the Issuer under or pursuant to any such law or (ii) any involuntary case or proceeding pertaining to the Issuer which is filed or commenced by or on behalf of a Person other than such Holder and is not joined in by such Holder (or any Person to which such holder shall have assigned, transferred or otherwise conveyed any part of the obligations of the Issuer hereunder) under or pursuant to any such law, or (B) from commencing or prosecuting any legal action which is not an involuntary case or proceeding under or pursuant to any such law against the Issuer or any of its properties.

SECTION 10.20. Securities Intermediary. The Securities Intermediary, in acting under this Indenture, is entitled to all rights, benefits, protections, immunities and indemnities accorded [\_\_\_\_\_], a national banking association, in its capacity as Indenture Trustee under this Indenture.

SECTION 10.21. OFAC. The Issuer covenants and represents that neither it nor any of its affiliates, subsidiaries, directors or officers are the target or subject of any sanctions enforced by the U.S. Government, (including, the Office of Foreign Assets Control of the U.S. Department of the Treasury (“OFAC”)), the United Nations Security Council, the European Union, HM Treasury<sup>2</sup>, or other relevant sanctions authority (collectively “Sanctions”). The Issuer covenants and represents that neither it nor any of its affiliates, subsidiaries, directors or officers will use any payments made pursuant to this Indenture (i) to fund or facilitate any activities of or business with any person who, at the time of such funding or facilitation, is the subject or target of Sanctions, (ii) to fund or facilitate any activities of or business with any country or territory that is the target or subject of Sanctions, or (iii) in any other manner that will result in a violation of Sanctions by any person.

SECTION 10.22. Submission to Jurisdiction. The Issuer hereby irrevocably submits to the jurisdiction of the United States District Court for the Southern District of New York and of any New York State court sitting in the Borough of Manhattan in New York City in respect of any suit, action or proceeding arising out of or relating to this Indenture and the Securitized Bonds, and irrevocably accepts for itself and in respect of its property, generally and unconditionally, jurisdiction of the aforesaid courts.

SECTION 10.23. Waiver of Jury Trial. EACH PARTY HERETO, AND EACH HOLDER OF A SECURITIZED BOND BY ACCEPTANCE THEREOF, HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS INDENTURE.

[SIGNATURE PAGE FOLLOWS]

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<sup>2</sup> Not defined in Appendix A

IN WITNESS WHEREOF, the Issuer, the Indenture Trustee and Securities Intermediary have caused this Indenture to be duly executed by their respective officers thereunto duly authorized and duly attested, all as of the day and year first above written.

BRAZOS SECURITIZATION LLC, as Issuer

By: BRAZOS ELECTRIC POWER  
COOPERATIVE, INC., its Manager

By: \_\_\_\_\_  
Name:  
Title:

[\_\_\_\_\_] , a national banking association, as  
Indenture Trustee and as Securities Intermediary

By: \_\_\_\_\_  
Name:  
Title:

STATE OF [STATE]            )  
  ) ss:  
COUNTY OF [COUNTY]    )

On the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, before me, \_\_\_\_\_, a Notary Public in and for said county and state, personally appeared \_\_\_\_\_, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person and officer whose name is subscribed to the within instrument and acknowledged to me that such person executed the same in such person's authorized capacity, and that by the signature on the instrument [\_\_\_\_\_], and the entity upon whose behalf the person acted, executed this instrument.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_

STATE OF [STATE]            )  
  ) ss:  
COUNTY OF [COUNTY]    )

On the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, before me, \_\_\_\_\_, a Notary Public in and for said county and state, personally appeared \_\_\_\_\_, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity as a manager of BRAZOS SECURITIZATION LLC, and that by his signature on the instrument BRAZOS SECURITIZATION LLC, a Delaware limited liability company and the entity upon whose behalf such person acted, executed this instrument.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_

EXHIBIT A

FORM OF SECURITIZED BOND

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE REGISTERED FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO THE NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS SECURITIZED BOND SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR’S NOMINEE AND TRANSFERS OF PORTIONS OF THIS SECURITIZED BOND SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO HEREIN.

THIS SECURITIZED BOND (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND NEITHER THIS SECURITIZED BOND NOR ANY INTEREST HEREIN MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITIZED BOND OR ANY INTEREST HEREIN IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITIZED BOND OR INTEREST HEREIN MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS SECURITIZED BOND OR ANY INTEREST HEREIN AGREES FOR THE BENEFIT OF THE ISSUER THAT (A) THIS BOND AND ANY INTEREST HEREIN MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN MINIMUM DENOMINATIONS OF LOWER THAN \$[100,000] AND IN INTEGRAL MULTIPLES OF \$[1,000] IN EXCESS THEREOF, AND ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE

144A, (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S, OR (III) PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE AND EVIDENCED BY AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER AND INDENTURE TRUSTEE), IN EACH OF CASES (I) THROUGH (III) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITIZED BOND OR ANY INTEREST HEREIN FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE. NOTWITHSTANDING THE FOREGOING RESTRICTION, ANY CLASS A BOND THAT HAS ORIGINALLY BEEN PROPERLY ISSUED IN AN AMOUNT NO LESS THAN THE MINIMUM DENOMINATION, OR ANY INTEREST THEREIN, MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN A DENOMINATION LESS THAN THE MINIMUM DENOMINATION IF SUCH LESSER DENOMINATION IS SOLELY A RESULT OF A REDUCTION OF PRINCIPAL DUE TO PAYMENTS MADE IN ACCORDANCE WITH THE INDENTURE.

NO PURCHASE, RESALE OR OTHER TRANSFER OF THIS BOND OR ANY INTEREST THEREIN SHALL BE MADE TO ANY PURCHASER OR TRANSFEREE UNLESS (A) SUCH PURCHASER OR TRANSFEREE IS NOT, AND WILL NOT ACQUIRE SUCH BOND OR ANY INTEREST THEREIN ON BEHALF OF OR WITH THE ASSETS OF, ANY "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), THAT IS SUBJECT TO TITLE I OF ERISA OR ANY OTHER "PLAN" AS DEFINED IN SECTION 4975(E)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF AN EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN SUCH ENTITY OR ANY GOVERNMENTAL PLAN THAT IS SUBJECT TO ANY SUBSTANTIALLY SIMILAR PROVISION OF STATE OR LOCAL LAW ("SIMILAR LAW") OR (B) WITH RESPECT ONLY TO RESALES OR OTHER TRANSFERS OF THIS BOND, NO NON-EXEMPT "PROHIBITED TRANSACTION" UNDER ERISA OR SECTION 4975 OF THE CODE AND NO VIOLATION OF SIMILAR LAW WILL OCCUR IN CONNECTION WITH THE PURCHASER'S OR SUCH TRANSFEREE'S ACQUISITION OR HOLDING OF SUCH BOND OR ANY INTEREST THEREIN. EACH PURCHASER OR TRANSFEREE OF THIS BOND (INCLUDING A FIDUCIARY OF SUCH PLAN), BY ITS ACCEPTANCE OF THIS BOND OR ANY INTEREST THEREIN, WILL BE DEEMED TO HAVE MADE THE REPRESENTATIONS REFERENCED HEREIN.

*[FOR REGULATION S TEMPORARY SECURITIZED BOND, ADD THE FOLLOWING:*

THIS SECURITIZED BOND IS A TEMPORARY SECURITIZED BOND FOR PURPOSES OF REGULATION S UNDER THE SECURITIES ACT WHICH IS EXCHANGEABLE FOR A PERMANENT REGULATION S SECURITIZED BOND SUBJECT TO THE TERMS AND CONDITIONS SET FORTH HEREIN AND IN THE INDENTURE REFERRED TO HEREIN.]

THE PURCHASER UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN THE SECURITIZED BONDS FROM THE SECURITIES DEPOSITORY.

SECTIONS 2.05 AND 2.16 OF THE INDENTURE CONTAIN FURTHER RESTRICTIONS ON THE TRANSFER AND RESALE OF THIS BOND. EACH TRANSFEREE OF THIS BOND, BY ACCEPTANCE HEREOF, IS DEEMED TO HAVE ACCEPTED THIS BOND SUBJECT TO THE FOREGOING RESTRICTIONS ON TRANSFERABILITY.

EACH BONDHOLDER OR BOND OWNER, BY ITS ACCEPTANCE OF THIS SECURITIZED BOND (OR INTEREST THEREIN), COVENANTS AND AGREES THAT SUCH BONDHOLDER OR BOND OWNER, AS THE CASE MAY BE, SHALL NOT, PRIOR TO THE DATE THAT IS ONE YEAR AND ONE DAY AFTER THE TERMINATION OF THE INDENTURE, ACQUIESCE, PETITION OR OTHERWISE INVOKE OR CAUSE THE ISSUER TO INVOKE THE PROCESS OF ANY COURT OR GOVERNMENTAL AUTHORITY FOR THE PURPOSE OF COMMENCING OR SUSTAINING A CASE AGAINST THE ISSUER UNDER ANY FEDERAL OR STATE BANKRUPTCY, INSOLVENCY, REORGANIZATION OR SIMILAR LAW OR APPOINTING A RECEIVER, LIQUIDATOR, ASSIGNEE, INDENTURE TRUSTEE, CUSTODIAN, SEQUESTRATOR OR OTHER SIMILAR OFFICIAL OF THE ISSUER OR ANY SUBSTANTIAL PART OF ITS PROPERTY, OR ORDERING THE WINDING UP OR LIQUIDATION OF THE AFFAIRS OF THE ISSUER.

THE PRINCIPAL OF THIS BOND IS PAYABLE IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. ANY PERSON ACQUIRING THIS SECURITY MAY ASCERTAIN ITS CURRENT PRINCIPAL AMOUNT BY INQUIRY OF THE INDENTURE TRUSTEE.

[RULE 144 A SECURITIZED BOND] [TEMPORARY REGULATION S SECURITIZED BOND] [PERMANENT REGULATION S SECURITIZED BOND]

REGISTERED No. \_\_\_\_\_ \$ \_\_\_\_\_

SEE REVERSE FOR CERTAIN DEFINITIONS

CUSIP NO.

THE PRINCIPAL OF THIS TRANCHE [ - ] SECURITIZED BOND (“THIS TRANCHE [ - ] SECURITIZED BOND”) WILL BE PAID IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS TRANCHE [ - ] SECURITIZED BOND AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. THE HOLDER OF THIS SECURITIZED BOND HAS NO RECOURSE TO THE ISSUER HEREOF AND AGREES TO LOOK ONLY TO THE SECURITIZED BOND COLLATERAL, AS DESCRIBED IN THE INDENTURE AND THE SERIES SUPPLEMENT REFERRED TO ON THE REVERSE HEREOF, FOR

PAYMENT OF ANY AMOUNTS DUE HEREUNDER. ALL OBLIGATIONS OF THE ISSUER OF THIS TRANCHE [ - ] SECURITIZED BOND UNDER THE TERMS OF THE INDENTURE WILL BE RELEASED AND DISCHARGED UPON PAYMENT IN FULL HEREOF OR AS OTHERWISE PROVIDED IN ARTICLE IV OF THE INDENTURE. THE HOLDER OF THIS TRANCHE [ - ] SECURITIZED BOND HEREBY COVENANTS AND AGREES THAT PRIOR TO THE DATE WHICH IS ONE (1) YEAR AND ONE (1) DAY AFTER THE PAYMENT IN FULL OF THE TRANCHE [ - ] SECURITIZED BONDS, IT WILL NOT INSTITUTE AGAINST, OR JOIN ANY OTHER PERSON IN INSTITUTING AGAINST, THE ISSUER ANY BANKRUPTCY, REORGANIZATION, ARRANGEMENT, INSOLVENCY OR LIQUIDATION PROCEEDINGS OR OTHER SIMILAR PROCEEDING UNDER THE LAWS OF THE UNITED STATES OR ANY STATE OF THE UNITED STATES. NOTHING IN THIS PARAGRAPH SHALL PRECLUDE, OR BE DEEMED TO ESTOP, SUCH HOLDER (A) FROM TAKING OR OMITTING TO TAKE ANY ACTION PRIOR TO SUCH DATE IN (I) ANY CASE OR PROCEEDING VOLUNTARILY FILED OR COMMENCED BY OR ON BEHALF OF THE ISSUER UNDER OR PURSUANT TO ANY SUCH LAW OR (II) ANY INVOLUNTARY CASE OR PROCEEDING PERTAINING TO THE ISSUER WHICH IS FILED OR COMMENCED BY OR ON BEHALF OF A PERSON OTHER THAN SUCH HOLDER AND IS NOT JOINED IN BY SUCH HOLDER (OR ANY PERSON TO WHICH SUCH HOLDER SHALL HAVE ASSIGNED, TRANSFERRED OR OTHERWISE CONVEYED ANY PART OF THE OBLIGATIONS OF THE ISSUER HEREUNDER) UNDER OR PURSUANT TO ANY SUCH LAW, OR (B) FROM COMMENCING OR PROSECUTING ANY LEGAL ACTION WHICH IS NOT AN INVOLUNTARY CASE OR PROCEEDING UNDER OR PURSUANT TO ANY SUCH LAW AGAINST THE ISSUER OR ANY OF ITS PROPERTIES.

BRAZOS SECURITIZATION LLC SECURITIZED BONDS,

Tranche [ - ].

INTEREST RATE	ORIGINAL PRINCIPAL AMOUNT	FINAL MATURITY DATE
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[BRAZOS SECURITIZATION LLC], a limited liability company created under the laws of the State of Delaware (herein referred to as the “Issuer”), for value received, hereby promises to pay to [ ], or registered assigns, the Original Principal Amount shown above [in semi-annual installments] on the Payment Dates and in the amounts specified on the reverse hereof or, if less, the amounts determined pursuant to Section 8.02 of the Indenture, in each year, commencing on the date determined as provided on the reverse hereof and ending on or before the Final Maturity Date shown above and to pay interest, at the Interest Rate shown above, on each June 1 and December 1 or if any such day is not a Business Day, the next succeeding Business Day, commencing on December 1, 2022 and continuing until the earlier of the payment in full of the principal hereof and the Final Maturity Date (each a “Payment Date”), on the principal amount of this Tranche [ - ] Securitized Bond (hereinafter referred to as this “Tranche [



- ] Securitized Bond”). Interest on this Tranche [ - ] Securitized Bond will accrue for each Payment Date from the most recent Payment Date on which interest has been paid to but excluding such Payment Date or, if no interest has yet been paid, from the date of issuance. Interest will be computed on the basis of [specify method of computation]. Such principal of and interest on this Tranche [ - ] Securitized Bond shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Tranche [ - ] Securitized Bond are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. All payments made by the Issuer with respect to this Tranche [ - ] Securitized Bond shall be applied first to interest due and payable on this Tranche [ - ] Securitized Bond as provided above and then to the unpaid principal of and premium, if any, on this Tranche [ - ] Securitized Bond, all in the manner set forth in the Indenture.

Reference is made to the further provisions of this Tranche [ - ] Securitized Bond set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Tranche [ - ] Securitized Bond.

*[ADD THE FOLLOWING FOR RULE 144A SECURITIZED BONDS:*

Interests in this Securitized Bond may be exchanged for an interest in the corresponding Temporary Regulation S Securitized Bond or Regulation S [Permanent] Securitized Bond, in each case subject to the restrictions specified in the Indenture.]

*[ADD THE FOLLOWING FOR REGULATION S TEMPORARY SECURITIZED BONDS:*

Interests in this Securitized Bond may be exchanged for an interest in the corresponding Rule 144A Securitized Bond, subject to the restrictions specified in the Indenture.

On or after the 40th day after the later of the Closing Date and the commencement of the offering of the Securitized Bonds, interests in this Temporary Regulation S Securitized Bond may be exchanged (free of charge) for interests in a Permanent Regulation S Securitized Bond. The Permanent Regulation S Securitized Bond shall be so issued and delivered in exchange for only that portion of this Temporary Regulation S Securitized Bond in respect of which there shall have been presented to DTC by Euroclear or Clearstream a certification to the effect that it has received from or in respect of a person entitled to an interest (as shown by its records) a certification that the beneficial interests in such Temporary Regulation S Securitized Bond are owned by persons who are not U.S. persons (as defined in Regulation S).]

*[ADD THE FOLLOWING FOR PERMANENT REGULATION S SECURITIZED BONDS:*

Interests in this Securitized Bond may be exchanged for an interest in the corresponding Rule 144A Securitized Bond, subject to the restrictions specified in the Indenture.]

Unless the certificate of authentication hereon has been executed by the Indenture Trustee whose name appears below by manual signature, this Tranche [ - ] Securitized Bond shall not be entitled to any benefit under the Indenture referred to on the reverse hereof, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed, manually or in facsimile, by its Responsible Officer.

Date:

BRAZOS SECURITIZATION LLC

By: BRAZOS ELECTRIC POWER  
COOPERATIVE, INC., its Manager

By: \_\_\_\_\_

Name:

Title:

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Dated: [ \_\_\_\_\_, \_\_\_\_\_ ]

This is one of the Tranche [ - ] Securitized Bonds, designated above and referred to in the within-mentioned Indenture.

[ \_\_\_\_\_ ], as Indenture Trustee

By: \_\_\_\_\_

Name:

Title:

## REVERSE OF SECURITIZED BOND\* 3

This Tranche [ - ] Securitized Bond is one of a duly authorized issue of Securitized Bonds of the Issuer (herein called the “Securitized Bonds”), issued or which are issuable in one or more Tranches, and the Securitized Bonds consists of [ ] Tranches, including this Tranche [ - ] Securitized Bond (herein called the “Tranche [ - ] Securitized Bonds”), all issued and to be issued under that certain Indenture dated as of [\_\_\_\_], 2022, (as supplemented by the Series Supplement (as defined below), the “Indenture”), between the Issuer and [\_\_\_\_], a national banking association, in its capacity as indenture trustee (the “Indenture Trustee”, which term includes any successor indenture trustee under the Indenture) and in its separate capacity as securities intermediary (the “Securities Intermediary”, which term includes any successor securities intermediary under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights and obligations thereunder of the Issuer, the Indenture Trustee and the Holders of the Securitized Bonds. For purposes herein, “Series Supplement” means that certain Series Supplement dated as of [\_\_\_\_], 2022 between the Issuer and the Indenture Trustee. All terms used in this Tranche [ - ] Securitized Bond that are defined in the Indenture, as amended, restated, supplemented or otherwise modified from time to time, shall have the meanings assigned to such terms in the Indenture.

The Tranche [ - ] Securitized Bonds and the other Tranches of the Securitized Bonds (all of such Tranches being referred to herein as the “Securitized Bonds”) are and will be equally and ratably secured by the Securitized Bond Collateral pledged as security therefor as provided in the Indenture.

The principal of this Tranche [ - ] Securitized Bond shall be payable on each Payment Date only to the extent that amounts in the Collection Account are available therefor, and only until the outstanding principal balance thereof on the preceding Payment Date (after giving effect to all payments of principal, if any, made on the preceding Payment Date) has been reduced to the principal balance specified in the Expected Amortization Schedule which is attached to the Series Supplement as Schedule A, unless payable earlier because an Event of Default shall have occurred and be continuing and the Indenture Trustee or the Bondholders representing not less than a majority of the Outstanding Amount of the Securitized Bonds have declared such Securitized Bonds to be immediately due and payable in accordance with Section 5.02 of the Indenture (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Indenture). However, actual principal payments may be made in lesser than expected amounts and at later than expected times as determined pursuant to Section 8.02 of the Indenture. The entire unpaid principal amount of this Tranche [ - ] Securitized Bond shall be due and payable on the Final Maturity Date hereof. Notwithstanding the foregoing, the entire unpaid principal amount of the Securitized Bonds shall be due and payable, if not then previously paid, on the date on which an Event of Default shall have occurred and be continuing and the Indenture Trustee or the Holders of the Securitized Bonds representing not less than a majority of the Outstanding Amount of the Securitized Bonds have

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\* The form of the reverse of a Securitized Bond is substantially as follows, unless otherwise specified in the Series Supplement.

declared the Securitized Bonds to be immediately due and payable in the manner provided in Section 5.02 of the Indenture (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Indenture). All principal payments on the Tranche [ - ] Securitized Bonds shall be made pro rata to the Tranche [ - ] Holders entitled thereto based on the respective principal amounts of the Tranche [ - ] Securitized Bonds held by them.

Payments of interest on this Tranche [ - ] Securitized Bond due and payable on each Payment Date, together with the installment of principal or premium, if any, shall be made by check mailed first-class, postage prepaid, to the Person whose name appears as the Registered Holder of this Tranche [ - ] Securitized Bond (or one or more Predecessor Securitized Bonds) on the Securitized Bond Register as of the close of business on the Record Date or in such other manner as may be provided in the Indenture or the Series Supplement, except that if this Tranche [ - ] Securitized Bond is held in Book-Entry Form, payments will be made by wire transfer in immediately available funds to the account designated by the Holder of the applicable Global Securitized Bond evidencing this Tranche [ - ] Securitized Bond unless and until such Global Securitized Bond is exchanged for Definitive Securitized Bonds (in which event payments shall be made as provided above), and except for the final installment of principal and premium, if any, payable with respect to this Tranche [ - ] Securitized Bond on a Payment Date which shall be payable as provided below. Any reduction in the principal amount of this Tranche [ - ] Securitized Bond (or any one or more Predecessor Securitized Bonds) effected by any payments made on any Payment Date shall be binding upon all future Holders of this Tranche [ - ] Securitized Bond and of any Securitized Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not found hereon. If funds are expected to be available, as provided in the Indenture, for payment in full of the then remaining unpaid principal amount of this Tranche [ - ] Securitized Bond on a Payment Date, then the Indenture Trustee, in the name of and on behalf of the Issuer, will notify the Person who was the Registered Holder hereof as of the Record Date preceding such Payment Date by notice mailed no later than five (5) days prior to such final Payment Date and shall specify that such final installment will be payable only upon presentation and surrender of this Tranche [ - ] Securitized Bond and shall specify the place where this Tranche [ - ] Securitized Bond may be presented and surrendered for payment of such installment.

The Issuer shall pay interest on overdue installments of interest at the Securitized Bond Interest Rate to the extent lawful.

This Securitized Bond is a “securitized bond” as such term is defined in the Financing Act. Principal and interest due and payable on this Securitized Bond are payable from and secured primarily by Securitized Property created and established by the Financing Order obtained from the Participating Members of the Brazos Electric Power Cooperative, Inc. pursuant to the Financing Act. Securitized Property consists of the rights and interests of the Sellers in the Financing Order, including the right to impose, collect and recover certain charges (defined in the Financing Act as “securitized charges”, including such charges as set forth in Section 41.153) to be included in regular electric utility bills of existing and future electric service Customers within the service territory of each Member of the Brazos Electric Power Cooperative, Inc., or their successors or assigns, as more fully described in the Financing Order.

The Financing Act provides that: “Securitized bonds are not a debt or obligation of the state and are not a charge on its full faith and credit or taxing power. The state pledges, however, for the benefit and protection of assignees, financing parties, and the electric cooperative, that it will not take or permit, or permit any agency or other governmental authority or political subdivision of the state to take or permit, any action that would impair the value of securitized property, or, except as permitted by Section 41.157, reduce, alter, or impair the securitized charges to be imposed, collected, and remitted to financing parties, until the principal, interest and premium, and any other charges incurred and contracts to be performed in connection with the related securitized bonds have been paid and performed in full. Any party issuing securitized bonds is authorized to include this pledge in any documentation relating to those bonds.”

The Issuer and Brazos hereby acknowledge that the purchase of this Securitized Bond by the Holder hereof or the purchase of any beneficial interest herein by any Person are made in reliance on the foregoing pledge.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Tranche [ - ] Securitized Bond may be registered on the Securitized Bond Register upon surrender of this Tranche [ - ] Securitized Bond for registration of transfer at the office or agency designated by the Issuer pursuant to the Indenture, duly endorsed by, or accompanied by (a) a written instrument of transfer in form satisfactory to the Indenture Trustee duly executed by the Holder hereof or such Holder’s attorney duly authorized in writing, and (b) such other documents as the Indenture Trustee may require, and thereupon one or more new Tranche [ - ] Securitized Bonds of Minimum Denominations and in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Tranche [ - ] Securitized Bond, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange, other than exchanges pursuant to Sections 2.04 or 2.06 of the Indenture not involving any transfer.

Each Securitized Bond holder, by acceptance of a Securitized Bond, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or the Indenture Trustee on the Securitized Bonds or under the Indenture or any certificate or other writing delivered in connection therewith, against (i) the Indenture Trustee, the Manager, Brazos or any Member in their respective individual capacities, (ii) any direct or indirect owner of a membership interest in the Issuer (including Brazos or any Member) or (iii) any shareholder, partner, owner, beneficiary, agent, officer or employee of the Indenture Trustee, the Manager, Brazos or any Member or any owner of a membership interest in the Issuer (including Brazos or any Member) in its respective individual or corporate capacities, or of any successor or assign of any of them in their individual or corporate capacities, except as any such Person may have expressly agreed in writing. Each Holder by accepting a Securitized Bond specifically confirms the nonrecourse nature of these obligations, and waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Securitized Bonds.

Prior to the due presentment for registration of transfer of this Tranche [ - ] Securitized Bond, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Tranche [ - ] Securitized Bond is registered (as of the day of determination) as the owner hereof for the purpose of receiving payments of principal of and premium, if any, and interest on this Tranche [ - ] Securitized Bond and for all other purposes whatsoever, whether or not this Tranche [ - ] Securitized Bond be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Securitized Bonds under the Indenture at any time by the Issuer with the consent of the Bondholders representing not less than a majority of the Outstanding Amount of all Securitized Bonds at the time outstanding of each Tranche to be affected. The Indenture also contains provisions permitting the Bondholders representing specified percentages of the Outstanding Amount of the Securitized Bonds, on behalf of the Holders of all the Securitized Bonds, to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Tranche [ - ] Securitized Bond (or any one of more Predecessor Securitized Bonds) shall be conclusive and binding upon such Holder and upon all future Holders of this Tranche [ - ] Securitized Bond and of any Securitized Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Tranche [ - ] Securitized Bond. The Indenture also permits the Indenture Trustee to amend or waive certain terms and conditions set forth in the Indenture without the consent of Holders of the Securitized Bonds issued thereunder.

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Issuer on this Tranche [ - ] Securitized Bond and (b) certain restrictive covenants and the related Events of Default, upon compliance by the Issuer with certain conditions set forth herein, which provisions apply to this Tranche [ - ] Securitized Bond.

The term "Issuer" as used in this Tranche [ - ] Securitized Bond includes any successor to the Issuer under the Indenture.

The Issuer is permitted by the Indenture, under certain circumstances, to merge or consolidate, subject to the rights of the Indenture Trustee and the Bondholders under the Indenture.

The Tranche [ - ] Securitized Bonds are issuable only in registered form in denominations as provided in the Indenture and the Series Supplement subject to certain limitations therein set forth.

**THIS TRANCHE [ - ] SECURITIZED BOND, THE INDENTURE AND THE SERIES SUPPLEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW**

PROVISIONS (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND SECTIONS 9-301 THROUGH 9-306 OF THE NY UCC), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS; PROVIDED THAT THE CREATION, ATTACHMENT AND PERFECTION OF ANY LIENS CREATED UNDER THE INDENTURE IN SECURITIZED PROPERTY, AND ALL RIGHTS AND REMEDIES OF THE INDENTURE TRUSTEE AND THE HOLDERS WITH RESPECT TO SUCH SECURITIZED PROPERTY, SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS.

No reference herein to the Indenture and no provision of this Tranche [ - ] Securitized Bond or of the Indenture shall alter or impair the obligation, which is absolute and unconditional, to pay the principal of and interest on this Tranche [ - ] Securitized Bond at the times, place, and rate, and in the coin or currency herein prescribed.

The Issuer and the Indenture Trustee, by entering into the Indenture, and the Holders and any Persons holding a beneficial interest in any Tranche [ ] Securitized Bond, by acquiring any Tranche [ ] Securitized Bond or interest therein, (i) express their intention that, solely for the purpose of federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for the purpose of state, local and other taxes, the Tranche [ ] Securitized Bonds qualify under applicable tax law as indebtedness of the Participating Members secured by the Securitized Bond Collateral and (ii) solely for purposes of federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for purposes of state, local and other taxes, so long as any of the Tranche [ ] Securitized Bonds are outstanding, agree to treat the Tranche [ ] Securitized Bonds as indebtedness of the Participating Members secured by the Securitized Bond Collateral unless otherwise required by appropriate taxing authorities.



## ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Tranche [ - ] Securitized Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM as tenants in common

TEN ENT as tenants by the entireties

JT TEN as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT \_\_\_\_\_ Custodian \_\_\_\_\_  
(Custodian) (minor)  
Under Uniform Gifts to Minor Act ( \_\_\_\_\_ )  
(State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned<sup>4</sup> hereby sells, assigns and transfers unto

(name and address of assignee)

the within Tranche [ - ] Securitized Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney, to transfer said Tranche [ - ] Securitized Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: [ \_\_\_\_\_, \_\_\_\_\_ ]

\_\_\_\_\_  
\_\_\_\_\_

---

<sup>4</sup> SECURITIZED BOND: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Tranche [ - ] Securitized Bond in every particular, without alteration, enlargement or any change whatsoever.

## EXHIBIT B

### FORM OF SERIES SUPPLEMENT

This SERIES SUPPLEMENT dated as of [\_\_\_\_], 2022 (this “Supplement”), by and between BRAZOS SECURITIZATION LLC, a limited liability company created under the laws of the State of Delaware (the “Issuer”), and [\_\_\_\_], a national banking association (the “Trustee”), in its capacity as indenture trustee (the “Indenture Trustee”) for the benefit of the Secured Parties under the Indenture dated as of [\_\_\_\_], 2022 by and between the Issuer and the Trustee, in its capacity as Indenture Trustee and in its separate capacity as securities intermediary (the “Indenture”).

### PRELIMINARY STATEMENT

Section 9.01 of the Indenture provides, among other things, that the Issuer and the Indenture Trustee may at any time enter into an indenture supplemental to the Indenture for the purposes of authorizing the issuance by the Issuer of the Securitized Bonds and specifying the terms thereof. The Issuer has duly authorized the creation of the Securitized Bonds with an initial aggregate principal amount of [\$ \_\_\_\_] to be known as Brazos Securitization LLC Senior Secured Cost Recovery Bonds, Series 2022 (the “Securitized Bonds”), and the Issuer and the Indenture Trustee are executing and delivering this Supplement in order to provide for the Securitized Bonds.

All terms used in this Supplement that are defined in the Indenture, either directly or by reference therein, have the meanings assigned to them therein, except to the extent such terms are defined or modified in this Supplement or the context clearly requires otherwise. In the event that any term or provision contained herein shall conflict with or be inconsistent with any term or provision contained in the Indenture, the terms and provisions of this Supplement shall govern.

### GRANTING CLAUSE

With respect to the Securitized Bonds, the Issuer hereby Grants to the Indenture Trustee, as Indenture Trustee for the benefit of the Secured Parties of the Securitized Bonds, all of the Issuer’s right, title and interest (whether now owned or hereafter acquired or arising) in and to (a) the Securitized Property created under and pursuant to the Financing Order, and transferred by the Sellers to the Issuer pursuant to the Sale Agreements (including, to the fullest extent permitted by law, the right to impose, collect and receive Securitized Charges, all revenues, collections, claims, rights, payments, money or proceeds of or arising from the Securitized Charges authorized in the Financing Order and any Tariffs filed pursuant thereto and any contractual rights to collect such Securitized Charges from Customers), (b) all Securitized Charges related to such Securitized Property, (c) the Sale Agreements and each Bill of Sale executed in connection therewith and all property and interests in property transferred under the Sale Agreements and such Bills of Sale with respect to such Securitized Property and the Securitized Bonds, (d) the Servicing Agreements, the Master Servicing Agreement, and any subservicing, agency, intercreditor, administration or collection agreements executed in connection therewith, to the extent related to the foregoing Securitized Property and the

Securitized Bonds, (e) the Collection Account, all subaccounts thereof and all amounts of cash, instruments, investment property or other assets on deposit therein or credited thereto from time to time and all Financial Assets and securities entitlements carried therein or credited thereto, (f) all rights to compel the Master Servicer to file for and obtain adjustments to the Securitized Charges in accordance with Section 41.157 of the Financing Act, the Financing Order or any Tariff filed in connection therewith, (g) all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing, whether such claims, demands, causes and choses in action constitute Securitized Property, accounts, general intangibles, instruments, contract rights, chattel paper or proceeds of such items or any other form of property, (h) all accounts, chattel paper, deposit accounts, documents, general intangibles, goods, instruments, investment property, letters of credit, letters-of-credit rights, money, commercial tort claims and supporting obligations related to the foregoing, and (i) all payments on or under, and all proceeds in respect of, any or all of the foregoing; it being understood that the following do not constitute Securitized Bond Collateral: (i) cash that has been released pursuant to Section 8.02(e)(xi) of the Indenture following retirement of all Outstanding Securitized Bonds, and (ii) amounts deposited with the Issuer on the Closing Date, for payment of costs of issuance with respect to the Securitized Bonds (together with any interest earnings thereon), it being understood that such amounts described in clauses (i) and (ii) above shall not be subject to Section 3.17 of the Indenture.

The foregoing Grant is made in trust to secure the payment of principal of and premium, if any, interest on, and any other amounts owing in respect of, the Securitized Bonds and all fees, expenses, counsel fees and other amounts due and payable to the Indenture Trustee equally and ratably without prejudice, priority or distinction, except as expressly provided in the Indenture, to secure compliance with the provisions of the Indenture with respect to the Securitized Bonds, all as provided in the Indenture and to secure the performance by the Issuer of all of its obligations under the Indenture (collectively, the “Secured Obligations”). The Indenture and this Series Supplement constitute a security agreement within the meaning of the Financing Act and under the UCC to the extent that the provisions of the UCC are applicable hereto.

The Indenture Trustee, as indenture trustee on behalf of the Secured Parties of the Securitized Bonds, acknowledges such Grant and accepts the trusts under this Supplement and the Indenture in accordance with the provisions of this Supplement and the Indenture.

SECTION 1. Designation. The Securitized Bonds shall be designated generally as the Securitized Bonds and further denominated as Tranches 1 through 3.

SECTION 2. Initial Principal Amount; Securitized Bond Interest Rate; Scheduled Payment Date; Final Maturity Date. The Securitized Bonds of each Tranche shall have the initial principal amount, bear interest at the rates per annum and shall have the Scheduled Final Payment Dates and the Final Maturity Dates set forth below:

<u>Tranche</u>	<u>Initial Principal Amount</u>	<u>Securitized Bond Interest Rate</u>	<u>Scheduled Final Payment Date</u>	<u>Final Maturity Date</u>
----------------	---------------------------------	---------------------------------------	-------------------------------------	----------------------------

Tranche [ - ]

Tranche [ - ]

Tranche [ - ]

The Securitized Bond Interest Rate shall be computed on the basis of a 360-day year of twelve 30-day months.

SECTION 3. Authentication Date; Payment Dates; Expected Amortization Schedule for Principal; Periodic Interest; No Premium; Other Terms.

(a) Authentication Date. The Securitized Bonds that are authenticated and delivered by the Indenture Trustee to or upon the order of the Issuer on [\_\_\_\_], 2022 (the “Closing Date”) shall have as their date of authentication [\_\_\_\_], 2022.

(b) Payment Dates. The Payment Dates for the Securitized Bonds are June 1 and December 1 of each year or, if any such date is not a Business Day, the next succeeding Business Day, commencing on December 1, 2022 and continuing until the earlier of repayment of the Tranche 3 Securitized Bonds in full and the Final Maturity Date for the Tranche 3 Securitized Bonds.

(c) Expected Amortization Schedule for Principal. Unless an Event of Default shall have occurred and be continuing on each Payment Date, the Indenture Trustee shall distribute to the Holders of record as of the related Record Date amounts payable pursuant to Section 8.02(e) of the Indenture as principal, in the following order and priority: (1) to the holders of the Tranche 1 Securitized Bonds, until the Outstanding Amount of such Tranche of Securitized Bonds thereof has been reduced to zero; (2) to the holders of the Tranche 2 Securitized Bonds, until the Outstanding Amount of such Tranche of Securitized Bonds thereof has been reduced to zero; and (3) to the holders of the Tranche 3 Securitized Bonds, until the Outstanding Amount of such Tranche of Securitized Bonds thereof has been reduced to zero; (4) provided, however, that in no event shall a principal payment pursuant to this Section 3(c) on any Tranche on a Payment Date be greater than the amount necessary to reduce the Outstanding Amount of such Tranche of Securitized Bonds to the amount specified in the Expected Amortization Schedule which is attached as Schedule A hereto for such Tranche and Payment Date.

(d) Periodic Interest. Periodic Interest will be payable on each Tranche of the Securitized Bonds on each Payment Date in an amount equal to one-half of the product of (i) the applicable Securitized Bond Interest Rate and (ii) the Outstanding Amount of the related Tranche of Securitized Bonds as of the close of business on the preceding Payment Date after giving effect to all payments of principal made to the Holders of the related Tranche of Securitized

Bonds on such preceding Payment Date; provided, however, that with respect to the Initial Payment Date, or, if no payment has yet been made, interest on the outstanding principal balance will accrue from and including the Closing Date to, but excluding, the following Payment Date.

(e) Book-Entry Securitized Bonds. The Securitized Bonds shall be Book-Entry Securitized Bonds and the applicable provisions of Section 2.11 of the Indenture shall apply to such Securitized Bonds.

(f) Waterfall Caps. The amount payable with respect to the Securitized Bonds pursuant to Section 8.02(e)(i) of the Indenture shall not exceed \$[200,000] annually; provided, however, that such limit shall be disregarded and inapplicable upon the acceleration of the Securitized Bonds following the occurrence of an Event of Default..

SECTION 4. Minimum Denominations. The Securitized Bonds shall be issuable in the Minimum Denomination and integral multiples of \$[1,000] in excess thereof.

SECTION 5. Certain Defined Terms. Article I of the Indenture provides that the meanings of certain defined terms used in the Indenture shall, when applied to the Securitized Bonds, be as defined in Appendix A to the Indenture. Additionally, Article II of the Indenture provides that certain terms will have the meanings specified in this Supplement. With respect to the Securitized Bonds, the following definitions shall apply:

“Closing Date” has the meaning set forth in Section 3(a) of this Supplement.

“Initial Payment Date” has the meaning set forth in Section 3 of this Supplement.

“Minimum Denomination” shall mean \$[100,000].

“Payment Date” has the meaning set forth in Section 3(b) of this Supplement.

“Periodic Interest” has the meaning set forth in Section 3(d) of this Supplement.

“Securitized Bond Interest Rate” has the meaning set forth in Section 2 of this Supplement.

SECTION 6. Delivery and Payment for the Securitized Bonds; Form of the Securitized Bonds. The Indenture Trustee shall deliver the Securitized Bonds to the Issuer when authenticated in accordance with Section 2.03 of the Indenture. The Securitized Bonds of each Tranche shall be in the form of Exhibits A-1 through A-3 hereto.

SECTION 7. Ratification of Agreement. As supplemented by this Supplement, the Indenture is in all respects ratified and confirmed and the Indenture, as so supplemented by this Supplement, shall be read, taken, and construed as one and the same instrument. This Supplement amends, modifies and supplemented the Indenture only in so far as it relates to the Securitized Bonds.

SECTION 8. Counterparts. This Supplement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

SECTION 9. GOVERNING LAW. THIS SUPPLEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND SECTIONS 9-301 THROUGH 9-306 OF THE NY UCC), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS; PROVIDED THAT THE CREATION, ATTACHMENT AND PERFECTION OF ANY LIENS CREATED UNDER THE INDENTURE IN SECURITIZED PROPERTY, AND ALL RIGHTS AND REMEDIES OF THE INDENTURE TRUSTEE AND THE HOLDERS WITH RESPECT TO SUCH SECURITIZED PROPERTY, SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS.

SECTION 10. Issuer Obligation. No recourse may be taken directly or indirectly, by the Holders with respect to the obligations of the Issuer on the Securitized Bonds, under the Indenture or under this Supplement or any certificate or other writing delivered in connection herewith or therewith, against (i) any owner of a beneficial interest in the Issuer (including Brazos) or (ii) any shareholder, partner, owner, beneficiary, agent, officer, director, employee or agent of the Indenture Trustee, the Managers or any owner of a beneficial interest in the Issuer (including Brazos) in its individual capacity, or of any successor or assign of any of them in their respective individual or corporate capacities, except as any such Person may have expressly agreed (it being understood that none of the Indenture Trustee, the Managers or Brazos have any such obligations in their respective individual or corporate capacities). Each Holder by accepting a Securitized Bond specifically confirms the nonrecourse nature of these obligations, and waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Securitized Bonds.

SECTION 11. Application of Securitized Bond Proceeds; Costs of Issuance Account. The proceeds of the Securitized Bond Proceeds shall be applied to pay the costs of issuing the Securitized Bonds, and to purchase the Securitized Property, as directed in an Officer's Certificate. The Indenture Trustee shall, pursuant to an Issuer Order, deposit the amounts directed to be applied to the payment of the costs of issuance into a segregated trust account (the "Costs of Issuance Account"). Amounts in the Costs of Issuance Account shall be applied from time to time as directed by an Officer's Certificate, to pay costs of issuing the Securitized Bonds, and, upon payment of all such costs, for deposit into the General Subaccount and applied as a credit against Securitized Charges as required by the Financing Order. Pending such application, amounts in the Costs of Issuance Account may be invested in the same manner and subject to the same restrictions as amounts in the General Subaccount, provided that any amount earned, or gains or losses, shall be credited to the Costs of Issuance Account.

IN WITNESS WHEREOF, the Issuer and the Indenture Trustee have caused this Supplement to be duly executed by their respective officers thereunto duly authorized as of the first day of the month and year first above written.

BRAZOS SECURITIZATION LLC, as Issuer

By: BRAZOS COUNTRY ELECTRIC  
COOPERATIVE, INC., its Manager

By: \_\_\_\_\_

Name:

Title:

[\_\_\_\_\_] , a national banking association, as  
Indenture Trustee

By: \_\_\_\_\_

Name:

Title:



SCHEDULE A

EXPECTED AMORTIZATION SCHEDULE

OUTSTANDING PRINCIPAL BALANCE OF EACH TRANCHE

<u>PAYMENT DATE</u>	<u>TRANCHE</u>	<u>TRANCHE</u>	<u>TRANCHE</u>
Closing Date	\$	\$	\$
_____, 20__			
_____, 20__			
_____, 20__			
_____, 20__			

EXHIBIT C-1

FORM OF TRANSFER CERTIFICATE FOR EXCHANGE OR TRANSFER FROM RULE  
144A SECURITIZED BOND TO REGULATION S SECURITIZED BOND

[DATE]

[INDENTURE TRUSTEE ADDRESS]

Re: Brazos Securitization LLC Securitized Bonds

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of [\_\_\_\_], 2022 (as supplemented by the First Supplement to the Indenture, dated as of [\_\_\_\_], 2022 the “Indenture”), by and among Brazos Securitization LLC (the “Issuer”) and [\_\_\_\_], as indenture trustee (in such capacity, the “Indenture Trustee”). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

This letter relates to US \$[ ] aggregate Outstanding Amount of Securitized Bonds (the “Bonds”) which are held in the form of the Rule 144A Securitized Bond (CUSIP No. \_\_\_\_\_) with the Depository in the name of [insert name of transferor] (the “Transferor”). The Transferor has requested a transfer of such beneficial interest for an interest in the Regulation S Securitized Bond (CUSIP No. \_\_\_\_\_) to be held with [*Select appropriate depository.*][Euroclear][Clearstream] (Common Code No. \_\_\_\_\_) through the Securities Depository.

In connection with such request and in respect of such Bonds, the Transferor does hereby certify that such transfer has been effected in accordance with the transfer restrictions set forth in the Indenture and [*Include the following only after 40-day distribution compliance period.*][(i) with respect to transfers made] pursuant to and in accordance with Regulation S under the Securities Act of 1933, as amended (the “Securities Act”), and accordingly the Transferor does hereby certify that:

- (1) the offer of the Bonds was not made to a person in the United States,
- (2) [*Insert one of the following two provisions, which come from the definition of “offshore transaction in Regulation S.*][at the time the buy order was originated, the transferee was outside the United States or the Transferor and any person acting on its behalf reasonably believed that the transferee was outside the United States] [the transaction was executed in, on or through the facilities of a designated offshore securities market and neither the transferor nor any person acting on its behalf knows that the transaction was pre-arranged with a buyer in the United States],
- (3) [*Include the following only after 40-day distribution compliance period.*] [the transferee is not a U.S. Person within the meaning of Rule 902(k) of Regulation S nor a Person acting for the account or benefit of a U.S. Person,]§

(4) no directed selling efforts have been made in contravention of the requirements of Rule 903 or Rule 904 of Regulation S, as applicable,

(5) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act, and

(6) upon completion of the transaction, the beneficial interest being transferred as described above will be held with the Securities Depository through [*Appropriate depository required for transfers prior to the end of the 40-day distribution compliance period.*][Euroclear] [Clearstream].

[*Include the following only after 40-day distribution compliance period.*][or (ii) with respect to transfers made in reliance on Rule 144 under the Securities Act, the Transferor does hereby certify that the Bonds being transferred are eligible for resale by the Transferor pursuant to Rule 144(b)(1) under the Securities Act.]

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer, the Indenture Trustee, the Member Servicers and the Master Servicer.

[INSERT NAME OF TRANSFEROR]

By: \_\_\_\_\_

Name:

Title:

EXHIBIT C-2

FORM OF TRANSFER CERTIFICATE FOR EXCHANGE OR TRANSFER FROM  
REGULATION S SECURITIZED BOND TO RULE 144A SECURITIZED BOND

[DATE]

[INDENTURE TRUSTEE ADDRESS]

Re: Brazos Securitization LLC Securitized Bonds

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of [\_\_\_\_], 2022 (as supplemented by the First Supplement to the Indenture, dated as of [\_\_\_\_], 2022 the “Indenture”), by and among Brazos Securitization LLC (the “Issuer”) and [\_\_\_\_], as indenture trustee (in such capacity, the “Indenture Trustee”). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

This letter relates to US \$[ ] aggregate Outstanding Amount of Securitized Bonds (the “Bonds”) which are held in the form of the Regulation S Securitized Bond (CUSIP No. \_\_\_\_\_) with [*Select appropriate depository.*][Euroclear][Clearstream] in the name of [insert name of transferor] (the “Transferor”). The Transferor has requested a transfer of such beneficial interest for an interest in the Rule 144A Securitized Bond (CUSIP No. \_\_\_\_\_).

In connection with such request, and in respect of such Bonds, the Transferor does hereby certify that such Bonds are being transferred in accordance with (i) the transfer restrictions set forth in the Indenture, and (ii) (A) Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”) to a transferee that the Transferor reasonably believes is purchasing the Bonds for its own account with respect to which the transferee exercises sole investment discretion and the transferee and any such account is a qualified institutional buyer (“QIB”) within the meaning of Rule 144A, in each case in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other applicable jurisdiction or (B) to a QIB pursuant to another applicable exemption from the registration requirements under the Securities Act; provided that an Opinion of Counsel confirming the applicability of the exemption claimed shall have been delivered to the Issuer and the Indenture Trustee in a form reasonably acceptable to them.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer, the Indenture Trustee, the Member Servicers and the Master Servicer.

[INSERT NAME OF TRANSFEROR]

By: \_\_\_\_\_

Name:

Title:

EXHIBIT C-3

FORM OF TRANSFER CERTIFICATE FOR EXCHANGE OR TRANSFER FROM  
DEFINITIVE SECURITIZED BOND TO DEFINITIVE SECURITIZED BOND

[DATE]

[INDENTURE TRUSTEE ADDRESS]

Re: Brazos Securitization LLC Securitized Bonds

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of [\_\_\_\_], 2022 (as supplemented by the First Supplement to the Indenture, dated as of [\_\_\_\_], 2022 the “Indenture”), by and among Brazos Securitization LLC (the “Issuer”) and [\_\_\_\_], as indenture trustee (in such capacity, the “Indenture Trustee”). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

This letter relates to US \$[ ] aggregate Outstanding Amount of Securitized Bonds (the “Bonds”) which are held Definitive Notes (CUSIP No. \_\_\_\_\_) in the name of [insert name of transferor] (the “Transferor”). The Transferor has requested a transfer of such beneficial interest for an interest in the Bonds to of [insert name of transferee] (the “Transferee”).

In connection with such request, and in respect of such Bonds, the Transferor does hereby certify that such Bonds are being transferred in accordance with (i) the transfer restrictions set forth in the Indenture, and (ii) (A) Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”) to a transferee that the Transferor reasonably believes is purchasing the Bonds for its own account with respect to which the transferee exercises sole investment discretion and the transferee and any such account is a qualified institutional buyer (“QIB”) within the meaning of Rule 144A, in each case in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other applicable jurisdiction, (B) pursuant to and in accordance with Regulation S under the Securities Act or (C) pursuant to another applicable exemption from the registration requirements under the Securities Act; provided that an Opinion of Counsel confirming the applicability of the exemption claimed shall have been delivered to the Issuer and the Indenture Trustee in a form reasonably acceptable to them.

[If transfer is pursuant to Regulation S, add the following:

The Transferor hereby certifies that:

- (1) the offer of the Bonds was not made to a person in the United States,
- (2) *[Insert one of the following two provisions, which come from the definition of “offshore transaction in Regulation S.]* [at the time the buy order was originated, the transferee was outside the United States or the Transferor and any person acting on its behalf reasonably believed that the transferee was outside the United States] [the

transaction was executed in, on or through the facilities of a designated offshore securities market and neither the transferor nor any person acting on its behalf knows that the transaction was pre-arranged with a buyer in the United States],

(3) the transferee is not a U.S. Person within the meaning of Rule 902(k) of Regulation S nor a Person acting for the account or benefit of a U.S. Person,

(4) no directed selling efforts have been made in contravention of the requirements of Rule 903 or Rule 904 of Regulation S, as applicable, and

(5) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer, the Indenture Trustee, the Member Servicers and the Master Servicer.

[INSERT NAME OF TRANSFEROR]

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT D**

**FORM OF MEMBER SERVICER’S ANNUAL SERVICING CRITERIA COMPLIANCE  
CERTIFICATE**

The undersigned hereby certifies that he/she is the duly elected and acting [ ] of [ ], as Indenture Trustee (the “Indenture Trustee”) under the Indenture dated as of [ ], 2022 (the “Indenture”) between BRAZOS SECURITIZATION LLC (the “Issuer”) and Indenture Trustee and further that:

1. The undersigned is responsible for assessing the Indenture Trustee’s compliance with the compliance criteria set forth in the table below (the “Criteria”). Terms used herein have the meaning assigned to them in the Indenture.

2. With respect to each of the Criteria, the undersigned has made the following assessment of the Servicing Criteria during the fiscal year ended December 31, ... (such period, the “Assessment Period”):

<b>Criteria</b>

3. To the best of the undersigned’s knowledge, based on such review, the Indenture Trustee is in compliance in all material respects with the applicable Criteria set forth above as of and for the Assessment Period[, except with respect to the matters identified in Annex A attached hereto (if any) and as otherwise set forth below:].<sup>5</sup>

4. An independent public accounting firm has issued an attestation report on the undersigned’s assessment of compliance with the Criteria set forth above as of and for the Assessment Period.

[INSERT DATE OF CERTIFICATE]

[ ], as Indenture Trustee

<sup>5</sup> If the Indenture Trustee is not in compliance in all material respects with the Servicing Criteria, include description of any material instance of noncompliance.

By: \_\_\_\_\_  
Name:  
Title:



## APPENDIX A

### DEFINITIONS

This is Appendix A to the Indenture.

A. Defined Terms. As used in the Indenture, the Sale Agreements, the LLC Agreement, the Servicing Agreements, the Series Supplement or any other Basic Document as hereinafter defined, as the case may be (unless the context requires a different meaning), the following terms have the following meanings:

“17g-5 Website” is defined in Section 10.06 of the Indenture.

“Act” is defined in Section 10.03(a) of the Indenture.

“Actual SC Collections” means for any Reconciliation Period, the amount of Securitized Charges collected by the Servicer.

“Adjustment Mechanism” has meaning provided for such term in the Financing Order.

“Affiliate” means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Allocable Periodic Payment Requirement” means, with respect to each Service Area, the product of (i) Total Adjusted PPR, and (ii) the Allocation Factor for such Service Area.

“Allocation Factor” means the following percentage with respect to each Participating Member:<sup>6</sup>

<i>Name</i>	<i>Allocation Factor</i>
Bartlett Electric Cooperative	[ ]%
Fort Belknap Electric Cooperative	[ ]%

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<sup>6</sup> NTD – To be updated based on Financing Order.

<i>Name</i>	<i>Allocation Factor</i>
Hamilton County Electric Cooperative	[ ]%
Heart of Texas Electric Cooperative	[ ]%
HILCO Electric Cooperative	[ ]%
Mid-South Synergy	[ ]%
Navarro County Electric Cooperative	[ ]%
Navasota Valley Electric Cooperative	[ ]%
PenTex Energy	[ ]%
South Plains Electric Cooperative	[ ]%
Wise Electric Cooperative	[ ]%

“Annual Accountant’s Attestation Report” has the meaning set forth in Section 3.04 of each Servicing Agreement.

“Bankruptcy Code” means Title 11 of the United States Code (11 U.S.C. §§ 101 et seq.), as amended from time to time.

“Basic Documents” means the Indenture, the Sale Agreements, the Bills of Sale, the Certificate of Formation, the LLC Agreement, the Holdco LLC Agreement, the Servicing Agreements, the Master Servicing Agreement, the Series Supplement, the Bond Purchase Agreement and all other documents and certificates delivered in connection therewith.

“Bill of Sale” means a bill of sale substantially in the form of Exhibit A to each of the Sale Agreements.

“Billed SCs” is defined in Annex I to each of the Servicing Agreements.

“Billing Period” means the period created by dividing the calendar year into twelve (12) consecutive periods of approximately twenty-one (21) Servicer Business Days.

“Bills” means each of the regular monthly bills, summary bills, opening bills and closing bills issued to Customers by a Member Servicer on their own behalf and in their capacity as a Member Servicer.

“Board” means the Board of Directors of the Member Servicer.

“Bond Purchase Agreement” means the Bond Purchase Agreement, dated [\_\_\_\_], 2022, by and among Brazos, the Participating Members, the Initial Purchaser and the Issuer, as the same may be amended, supplemented or modified from time to time.

“Book-Entry Form” means, with respect to any Securitized Bond that such Securitized Bond is not certificated and the ownership and transfers thereof shall be made through book entries by a Clearing Agency as described in Section 2.11 of the Indenture and the Series Supplement pursuant to which such Securitized Bond was issued.

“Book-Entry Securitized Bonds” means any Securitized Bonds issued in Book-Entry Form; provided, however, that after the occurrence of a condition whereupon book-entry registration and transfer are no longer permitted and Definitive Securitized Bonds are to be issued to the Holder of such Securitized Bonds, such Securitized Bonds shall no longer be “Book-Entry Securitized Bonds”.

“Brazos” or means Brazos Electric Power Cooperative, Inc., and its successor and assigns.

“Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions in Dallas, Texas or New York, New York are, or DTC is, authorized or obligated by law, regulation or executive order to remain closed.

“Calculation Period” means, with respect to any True-Up Adjustment, a Six Month Calculation Period and a Twelve Month Calculation Period.

“Capital Contribution” means the amount of cash contributed to the Issuer by Brazos on behalf of the Participating Members as specified in the LLC Agreement.

“Capital Subaccount” is defined in Section 8.02(a) of the Indenture.

“Certificate of Compliance” means the certificates referred to in Section 3.03 of each Servicing Agreement and Section 3.03 of the Master Servicing Agreement.

“Certificate of Formation” means the Certificate of Formation filed with the Secretary of State of the State of Delaware on [\_\_\_\_\_] pursuant to which the Issuer was formed.

“Claim” means a “claim” as defined in Section 101(5) of the Bankruptcy Code.

“Clearing Agency” means an organization registered as a “clearing agency” pursuant to Section 17A of the Exchange Act.

“Clearing Agency Participant” means a securities broker, dealer, bank, trust company, clearing corporation or other financial institution or other Person for whom from time to time a Clearing Agency effects book entry transfers and pledges of securities deposited with the Clearing Agency.

“Clearstream” means Clearstream Banking, Luxembourg, S.A.

“Closing Date” means [\_\_\_\_\_], 2022.

“Code” means the Internal Revenue Code of 1986.

“Collection Account” means the account established by the Issuer and maintained by the Indenture Trustee in accordance with Section 8.02(a) of the Indenture and any subaccounts contained therein.

“Collection Period” means any period commencing on the first Servicer Business Day of any Billing Period and ending on the last Servicer Business Day of such Billing Period.

“Corporate Trust Office” means the principal office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the Closing Date is located at [\_\_\_\_\_] or at such other address as the Indenture Trustee may designate from time to time by notice to the Holders of Securitized Bonds and the Issuer, or the principal corporate trust office of any successor trustee by like notice.

“Covenant Defeasance Option” is defined in Section 4.01(b) of the Indenture.

“Customers” means all existing and future retail customers of a Member Servicer in the Service Area of such Member Servicer and all other existing and future retail customers who are obligated to pay Securitized Charges pursuant to the Financing Order or any Tariff.

“Customer Reimbursements” means amounts to be paid by the Issuer after the defeasance of the Securitized Bonds, in accordance with the terms of the Indenture, to any Member Servicer to eliminate any Over-Collections in any Service Area.

“Daily Remittance” is defined in Section 6.11(a) of each of the Servicing Agreements.

“Days Sales Outstanding” is defined in Annex I to each of the Servicing Agreements.

“Default” means any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default as defined in Section 5.01 of the Indenture.

“Deficiency Event” means any time when the amount on deposit in the Capital Subaccount, after the transfers described in Section 8.02(e) of the Indenture, is less than the Required Capital Level.

“Definitive Securitized Bonds” means Securitized Bonds issued in definitive form in accordance with Section 2.13 of the Indenture.

“DTC” means The Depository Trust Company or any successor thereto.

“Electronic Means” means telephone, telecopy, telegraph, telex, internet, electronic mail or email, facsimile transmission or any other similar means of electronic communication. Any communication by telephone as an Electronic Means shall be promptly confirmed in writing or by one of the other means of electronic communication authorized herein.

“Eligible Account” means a segregated non-interest-bearing trust account with an Eligible Institution.

“Eligible Institution” means:

(a) the corporate trust department of the Indenture Trustee, so long as any of the securities of the Indenture Trustee have either a short-term credit rating from Moody’s of at least P-1 or a long term unsecured rating from Moody’s of at least A2; or

(b) a depository institution organized under the laws of the United States of America or any State (or any domestic branch of a foreign bank), which (i) has either (A) a long-term issuer rating of “A2” or higher by Moody’s or (B) a short-term issuer rating of “P-1” or higher by Moody’s, or any other long-term, short-term or certificate of deposit rating acceptable to Moody’s and (ii) whose deposits are insured by the FDIC.

If so qualified under clause (b) above, the Indenture Trustee may be considered an Eligible Institution for the purposes of clause (a) of this definition.

“Eligible Investments” mean instruments or investment property which evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, or bankers’ acceptances issued by, any depository institution (including the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America or any State thereof and subject to supervision and examination by federal or state banking authorities, so long as the commercial paper or other short term debt obligations of such depository institution are, at the time of deposit, rated not less than P-1 or its equivalents by the Rating Agency, or such lower rating as will not result in the downgrading or withdrawal of the rating of the Securitized Bonds;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity, and other than commercial paper of Brazos, any Participating Member, or any Affiliate of Brazos or any Participating Member), which at the time of purchase is rated not less than A-1 and P-1 or their equivalents by Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Securitized Bonds;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from Moody's;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America or certain of its agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker dealer, acting as principal and that meets the ratings criteria set forth below:

(g) a broker/dealer (acting as principal) registered as a broker or dealer under Section 15 of the Exchange Act (any broker/dealer being referred to in this definition as a "broker/dealer"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's at the time of entering into this repurchase obligation, or

(h) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company.

in each case maturing not later than the Business Day immediately preceding the next Payment Date or Special Payment Date, if applicable (for the avoidance of doubt, investments in money market funds or similar instruments which are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing, (1) no securities or investments which mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has either a short-term unsecured debt rating of at least P-1 from Moody's or a long-term unsecured debt rating of at least A2 from Moody's; (2) no securities or investments described in clauses (b) through (d) above which have maturities of more than 30 days but less than or equal to 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least A1 from Moody's and a short-term unsecured debt rating of at least P-1 from Moody's; (3) no securities or investments described in clauses (b) through (d) above which have maturities of more than 3 months shall be an "Eligible Investment" unless the issuer thereof has a long-term unsecured debt rating of at least Aa3 from Moody's and a short-term unsecured debt rating of at least P1 from Moody's.

"ERCOT" means the Electric Reliability Council of Texas or any successor thereto.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” means with respect to any Person at any time, each trade or business (whether or not incorporated) that would, at that time, be treated together with such Person as a single employer under Section 401 of ERISA or Section 414(b), (c), (m) or (o) of the Code.

“Estimated SC Collections” means the sum of the payments in respect of Securitized Charges which are estimated to have been received by each Member Servicer, directly, from or on behalf of such Member Servicer’s Customers, calculated in accordance with Annex I of each of the Servicing Agreements.

“Euroclear” means the Euroclear System.

“Event of Default” is defined in Section 5.01 of the Indenture.

“Excess Funds Subaccount” is defined in Section 8.02(a) of the Indenture.

“Excess Remittance” means the amount, if any, calculated for a particular Reconciliation Period, by which Estimated SC Collections remitted to the Collection Account by a Member Servicer during such Reconciliation Period exceed Actual SC Collections received by a Member Servicer during such Reconciliation Period.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Expected Amortization Schedule” means, with respect to any Tranche, the expected amortization schedule related thereto set forth in the Series Supplement.

“FDIC” means the Federal Deposit Insurance Corporation or any successor thereto.

“Federal Book-Entry Regulations” means 31 C.F.R. Part 357 et seq. (Department of Treasury).

“Federal Book-Entry Securities” means securities issued in book-entry form by the United States Treasury.

“Federal Funds Rate” means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Member Servicers from three (3) federal funds brokers of recognized standing selected by it.

“Final” means, with respect to the Financing Order, that the Financing Order has become final, is not being appealed and that the time for filing an appeal therefrom has expired.

“Final Maturity Date” means, with respect to each Tranche of Securitized Bonds, the Final Maturity Date therefor, as specified in the Series Supplement.

“Financial Asset” means “financial asset” as set forth in Section 8-102(a)(9) of the NY UCC.

“Financing Act” means Subchapter D of Chapter 41 of the Texas Utilities Code, §§ 41.151 -41.163, as amended from time to time.

“Financing Order” means the Final Financing Order issued on or about [\_\_\_\_], 2022 by each Board or the Participating Members pursuant to the Financing Act, authorizing the creation of the Securitized Property.

“General Subaccount” is defined in Section 8.02(a) of the Indenture.

“Global Securitized Bond” means a Securitized Bond evidencing all or any part of the Securitized Bonds to be issued to the Holders thereof in Book-Entry Form, which Global Securitized Bond shall be deposited with the Indenture Trustee, as custodian for the Clearing Agency, and registered in the name of the Clearing Agency, or its nominee, in accordance with Section 2.11 of the Indenture and the Series Supplement pursuant to which the Securitized Bond is issued.

“Governmental Authority” means any nation or government, any federal, state, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative function of government.

“Grant” means mortgage, pledge, bargain, sell, warrant, alienate, remise, release, convey, grant, transfer, create, and grant a lien upon and a security interest in and right of set-off against, deposit, set over and confirm pursuant to the Indenture and the Series Supplement. A Grant of the Securitized Bond Collateral or of any other agreement or instrument included therein shall include all rights, powers and options (but none of the obligations) of the Granting party thereunder, including the immediate and continuing right to claim for, collect, receive and give receipt for payments in respect of the Securitized Bond Collateral and all other moneys payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring Proceedings in the name of the Granting party or otherwise and generally to do and receive anything that the Granting party is or may be entitled to do or receive thereunder or with respect thereto.

“Hague Securities Convention” means the Convention on the Law Applicable to Certain Rights in Respect of Securities Held with an Intermediary, ratified September 28, 2016, S. Treaty Doc. No. 112-6 (2012).

“Holder” or “Bondholder” means the Person in whose name a Securitized Bond is registered on the Securitized Bond Register.



“Indenture” means the Indenture, dated as of [\_\_\_\_\_], 2022, by and between the Issuer and [\_\_\_\_\_], as the Indenture Trustee and as Securities Intermediary, as originally executed and, as from time to time supplemented or amended by the Series Supplement or indentures supplemental thereto entered into pursuant to the applicable provisions of the Indenture, as so supplemented or amended, or both, and shall include the forms and terms of the Securitized Bonds established thereunder.

“Indenture Trustee” means [\_\_\_\_\_], as indenture trustee for the benefit of the Secured Parties, or any successor indenture trustee under the Indenture.

“Independent” means, when used with respect to any specified Person, that the Person (a) is in fact independent of the Issuer, any other obligor on the Securitized Bonds, the Seller, the Member Servicers, the Master Servicer, and any Affiliate of any of the foregoing Persons, (b) does not have any direct financial interest or any material indirect financial interest in the Issuer, any such other obligor, the Seller, the Member Servicers, the Master Servicer or any Affiliate of any of the foregoing Persons and (c) is not connected with the Issuer, any such other obligor, the Seller, the Member Servicers, the Master Servicer, or any Affiliate of any of the foregoing Persons as an officer, employee, promoter, underwriter, trustee, partner, director (other than as an independent director or manager) or person performing similar functions.

“Independent Certificate” means a certificate or opinion to be delivered to the Indenture Trustee under the circumstances described in, and otherwise complying with, the applicable requirements of Section 10.01 of the Indenture, made by an Independent appraiser or other expert appointed by an Issuer Order and consented to by the Indenture Trustee, and such opinion or certificate shall state that the signer has read the definition of “Independent” in the Indenture and that the signer is Independent within the meaning thereof.

“Independent Manager” is defined in Section 1 of the LLC Agreement.

“Initial Purchaser” means [J.P. Morgan Securities LLC].

“Insolvency Event” means, with respect to a specified Person, (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person or any substantial part of its property in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or ordering the winding-up or liquidation of such Person’s affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days; or (b) the commencement by such Person of a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by such Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or the making by such Person of any general assignment for the benefit of creditors, or the failure by such Person generally to pay its debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing.

“Insolvency Law” means any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect.

“Interim Adjustment Date” means the effective date of any Interim True-Up Adjustment.

“Interim True-Up Adjustment” or “Interim Adjustment” means any adjustment to the Securitized Charges made pursuant to the terms of the related Tariff and in accordance with Section 4.01(e) of the Master Servicing Agreement.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended.

“Internal Revenue Service” means the Internal Revenue Service of the United States of America.

“Investment Company Act” means the Investment Company Act of 1940, as amended.

“Investment Earnings” means investment earnings on funds deposited in the Collection Account net of losses and investment expenses.

“Holdco LLC” means Brazos Securitization Holdco LLC, a Delaware limited liability company, formed by the Participating Members under the terms of the Holdco LLC Agreement in accordance with the Financing Order.

“Holdco LLC Agreement” means the Limited Liability Company Agreement of [\_\_\_\_\_] , effective as of [\_\_\_\_\_] , 2022, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Issuer” means [BRAZOS SECURITIZATION LLC], a Delaware limited liability company, named as such in the Indenture until a successor replaces it and, thereafter, means the successor.

“Issuer Order” and “Issuer Request” mean a written order or request signed in the name of the Issuer by any one of its Responsible Officers and delivered to the Indenture Trustee or Paying Agent, as applicable.

“Legal Defeasance Option” is defined in Section 4.01(b) of the Indenture.

“Letter of Representations” means any applicable agreement between the Issuer and the applicable Clearing Agency, with respect to such Clearing Agency’s rights and obligations (in its capacity as a Clearing Agency) with respect to any Book-Entry Securitized Bonds, as the same may be amended, supplemented, restated or otherwise modified from time to time.

“Lien” means a security interest, lien, mortgage, charge, pledge, claim, equity or encumbrance of any kind.

“LLC Act” means the Delaware Limited Liability Company Act, as amended.

[“LLC Agreement” means the Limited Liability Company Agreement of BRAZOS SECURITIZATION LLC, effective as of [\_\_\_\_\_], 2022, as the same may be amended, restated, supplemented or otherwise modified from time to time.]

“Loss” is defined in Section 1.01(a) of each of the Sale Agreements.

“Losses” is defined in Section 5.03 of each of the Servicing Agreements.

“Manager” means each manager of the Issuer under the LLC Agreement.

“Master Servicer” means Brazos, as Master Servicer under the Master Servicing Agreement, or any successor Master Servicer to the extent permitted under the Master Servicing Agreement.

“Master Servicer Calculations” means the calculations required to complete the schedule attached to the form of True-Up Letter, attached as Exhibit B-1 or Exhibit B-2 to the Master Servicing Agreement, as applicable, delivered to a Member Servicer in connection with each True-Up Adjustment.

“Master Servicer Default” is defined in Section 7.01 of the Master Servicing Agreement.

“Master Servicing Agreement” means the Securitized Property Master Servicing Agreement, dated as of [\_\_\_\_\_], 2022, by and between Brazos, as Master Servicer, and the Issuer, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Master Servicing Fee” means the fee payable to the Master Servicer on each Payment Date for services rendered during the period from, but not including, the preceding Payment Date (or from the Closing Date in the case of the first Payment Date) to and including the current Payment Date, determined pursuant to the Master Servicing Agreement.

“Member” means each of [\_\_\_\_\_].

“Member Securitized Property” means Participating Member Securitized Property, as such term is defined in the first paragraph of the Financing Order.

“Member Servicer” means each Participating Member, as servicer under each Servicing Agreement, or any successor Member Servicer to the extent permitted under the Servicing Agreements.

“Minimum Denomination” means, with respect to any Securitized Bond, the minimum denomination therefor specified in the Series Supplement, which minimum denomination shall be not less than \$100,000, except for one Securitized Bond of each tranche which may be of a smaller denomination, and, except as otherwise provided in the Series Supplement, integral multiples thereof.

“Monthly Member Servicer’s Certificate” means a certificate, substantially in the form of Exhibit A to each of the Servicing Agreements, completed and executed by a Responsible Officer of the applicable Member Servicer pursuant to Section 3.01(b)(i) of each Servicing Agreement.

“Moody’s” means Moody’s Investors Service, Inc. or any successor thereto.

“Net Periodic Payment Requirement” means, with respect to each Service Area, the greater of (i) zero, and (ii) sum of (x) the Allocable Periodic Payment Requirement for such Service Area, and (y) the Periodic Collection Over-Under for such Service Area.

“Net PPR True-Up Letter” is defined in Section 4.01 of the Master Servicing Agreement.

“Non-U.S. Holder” means a holder of Securitized Bonds that is not a U.S. Holder, but does not include (i) an entity or arrangement treated as a partnership for U.S. federal income tax purposes, (ii) a former citizen of the United States or (iii) a former resident of the United States.

“Notice of Default” is defined in Section 5.01 of the Indenture.

“NY UCC” means the Uniform Commercial Code as in effect on the date hereof in the State of New York.

“Offering Memorandum” means the offering memorandum dated [\_\_\_\_\_], 2022 relating to the Securitized Bonds.

“Officer’s Certificate” means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section 10.01 of the Indenture, and delivered to the Indenture Trustee. Unless otherwise specified, any reference in the Indenture to an Officer’s Certificate shall be to an Officer’s Certificate of any Responsible Officer of the party delivering such certificate.

“Ongoing Financing Costs” is defined in the Financing Order.

“Operating Expenses” means all unreimbursed fees, costs and expenses of the Issuer and other Ongoing Financing Costs, including all amounts owed by the Issuer to the Indenture Trustee, any Manager, the Servicing Fee payable to any Member Servicer, the Master Servicing Fee, legal and accounting fees, Rating Agency fees, costs and expenses of the Issuer, the Holdco LLC, any franchise taxes owed on investment income in the Collection Account, and any amounts for Customer Reimbursements.

“Opinion of Counsel” means one or more written opinions of counsel who may, except as otherwise expressly provided in the Basic Documents, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party. Any Opinion of Counsel may be based, insofar as it relates to factual matters (including financial and capital markets), upon a certificate or opinion or, or

representations by, an officer or officer of the Master Servicer, the Member Servicers or the Issuer and other documents necessary and advisable in the judgment of counsel delivering such opinion.

“Outstanding” means, as of the date of determination, all Securitized Bonds theretofore authenticated and delivered under this Indenture except:

- (a) Securitized Bonds theretofore canceled by the Securitized Bond Registrar or delivered to the Securitized Bond Registrar for cancellation;
- (b) Securitized Bonds or portions thereof the payment for which money in the necessary amount has been theretofore irrevocably deposited with the Indenture Trustee or any Paying Agent in trust for the Holders of such Securitized Bonds; and
- (c) Securitized Bonds in exchange for or in lieu of other Securitized Bonds which have been issued pursuant to the Indenture unless proof satisfactory to the Indenture Trustee is presented that any such Securitized Bonds are held by a Protected Purchaser;

provided that in determining whether the Holders of the requisite Outstanding Amount of the Securitized Bonds or any Tranche thereof have given any request, demand, authorization, direction, notice, consent or waiver hereunder or under any Basic Document, Securitized Bonds owned by the Issuer, any other obligor upon the Securitized Bonds, the Member, the Seller, the Member Servicers, the Master Servicer, or any Affiliate of any of the foregoing Persons shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Indenture Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securitized Bonds that the Indenture Trustee actually knows to be so owned shall be so disregarded. Securitized Bonds so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Indenture Trustee the pledgee’s right so to act with respect to such Securitized Bonds and that the pledgee is not the Issuer, any other obligor upon the Securitized Bonds, the Member, the Seller, the Member Servicers, the Master Servicer, or any Affiliate of any of the foregoing Persons.

“Outstanding Amount” means the aggregate principal amount of all Securitized Bonds or, if the context requires, all Securitized Bonds of a Tranche, Outstanding at the date of determination.

“Over-Collections” means the total amount of SC Collections each Member Servicer has remitted to the Collection Account less the amount of Target SC Collections for such Member Servicer.

“Participating Member” is defined in the Financing Order.

“Paying Agent” means with respect to the Indenture, the Indenture Trustee and any other Person appointed as a paying agent for the Securitized Bonds pursuant to the Indenture.

“Payment Date” means, with respect to any Tranche of Securitized Bonds, the dates specified in the Series Supplement; provided that if any such date is not a Business Day, the Payment Date shall be the Business Day immediately succeeding such date.

“PCOU Adjusted Periodic Payment Requirement” means the sum of (i) the aggregate Periodic Collection Over-Under for all the Service Areas, and (ii) the Periodic Payment Requirement.

“Periodic Billing Requirement” means, with respect to each Service Area, the product of (i) the Net Periodic Payment Requirement for a Service Area, and (ii) the quotient of (x) and (y), where (x) equals one (1), and (y) equals one (1) minus Total Estimated Write-Offs for such Service Area for the applicable Calculation Period (line (e) or line (f), as applicable, in the most recent Servicer’s Certificate of Projections and Estimates delivered to the Master Servicer for such Service Area).

“Periodic Collection Over-Under” means the amount by which Actual SC Collections during the most recent Twelve Month Calculation Period for a Service Area exceeded the Periodic Billing Requirement for such Service area during the previous 12 month period.

“Periodic Interest” means, with respect to any Payment Date, the periodic interest for such Payment Date as specified in the Series Supplement.

“Periodic Payment Requirement” for any Calculation Period means the total dollar amount of SC Collections reasonably calculated by the Master Servicer in accordance with Section 4.01 of the Master Servicing Agreement as necessary to be received during such period (after giving effect to fifty percent of the allocation and distribution of amounts on deposit in the Excess Funds Subaccount at the time of calculation) in order to ensure that, as of the last Payment Date occurring in such Calculation Period, (1) all accrued and unpaid interest on the Securitized Bonds then due shall have been paid in full on a timely basis, (2) the Outstanding Amount of the Securitized Bonds is equal to the Projected Unrecovered Balance on each Payment Date during such Calculation Period, and (3) all other fees and expenses due and owing and required or allowed to be paid under Section 8.02 of the Indenture as of such date shall have been paid in full; provided that, with respect to True-Up Adjustments occurring after the last Scheduled Final Payment Date for any Securitized Bonds, the Periodic Payment Requirement shall be calculated to ensure that sufficient Securitized Charges will be collected to retire such Securitized Bonds and pay all Operating Expenses in full as of the earlier of (x) the Payment Date preceding the next Scheduled Adjustment Date and (y) the Final Maturity Date for such Securitized Bonds.

“Periodic Principal” means, with respect to any Payment Date, the excess, if any, of the Outstanding Amount of the Securitized Bonds over the outstanding Projected Unrecovered Balance specified for such Payment Date on the Expected Amortization Schedule.

“Permitted Lien” means the Lien created by the Indenture.

“Permitted Successor” is defined in Section 5.02 of each of the Sale Agreements.

“Person” means any individual, corporation, limited liability company, limited liability partnership, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or government or any agency or political subdivision thereof.

“Predecessor Securitized Bond” means, with respect to any particular Securitized Bond, every previous Securitized Bond evidencing all or a portion of the same debt as that evidenced by such particular Securitized Bond, and, for the purpose of this definition, any Securitized Bond authenticated and delivered under Section 2.06 of the Indenture in lieu of a mutilated, lost, destroyed or stolen Securitized Bond shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Securitized Bond.

“Proceeding” means any suit in equity, action at law or other judicial or administrative proceeding.

“Projected Unrecovered Balance” means, as of any Payment Date, the sum of the projected outstanding principal amount of each Tranche of Securitized Bonds for such Payment Date set forth in the Expected Amortization Schedule.

“Protected Purchaser” has the meaning specified in Section 8-303 of the UCC.

“QIB” means qualified institutional buyer within the meaning of Rule 144A.

“Qualified Costs” means all qualified costs as defined in Section 41.151(b)(7) of the Financing Act.

“Rating Agency”, with respect to any Tranche of Securitized Bonds, means Moody’s or its successor.

“Rating Agency Condition” means, with respect to any action, not less than ten (10) Business Days’ prior written notification to the Rating Agency of such action, and written confirmation from such Rating Agency to the Member Servicers, the Master Servicer, the Indenture Trustee and the Issuer that such action will not result in a suspension, reduction or withdrawal of the then current rating by such Rating Agency of any Tranche of Securitized Bonds; provided, that if within such ten (10) Business Day period, such Rating Agency has neither replied to such notification nor responded in a manner that indicates that such Rating Agency is reviewing and considering the notification, then (i) the Issuer shall be required to confirm that such Rating Agency has received the Rating Agency Condition request, and if it has, promptly request the related Rating Agency Condition confirmation and (ii) if the Rating Agency neither replies to such notification nor responds in a manner that indicates it is reviewing and considering the notification within five (5) Business Days following such second (2nd) request, the applicable Rating Agency Condition requirement shall not be deemed to apply to such Rating Agency. For the purposes of this definition, any confirmation, request, acknowledgment or approval that is required to be in writing may be in the form of electronic mail or a press release (which may contain a general waiver of a Rating Agency’s right to review or consent).

“Reconciliation Period” means, with respect to any period of calculation, the six-month period that begins on the first Servicer Business Date following each June 30 and December 31 of any year prior to the Retirement of the Securitized Bonds; provided, however, that a shorter Reconciliation Period may be established pursuant to Section 8.01 of each of the Servicing Agreements.

“Record Date” means, with respect to a Payment Date, in the case of Definitive Securitized Bonds, the close of business on the last day of the calendar month preceding the calendar month in which such Payment Date occurs, and in the case of Book-Entry Securitized Bonds, the close of business one Business Day prior to the applicable Payment Date.

“Recovery Amount” means the amount required to be deposited in the Capital Subaccount and any other reserve account held by the Indenture Trustee under the Indenture in order to prevent an Event of Default under the terms of the Indenture.

“Registered Holder” means the Person in whose name a Securitized Bond is registered on the Securitized Bond Register.

“Regulation S” means Regulation S under the Securities Act, as amended.

“Regulation S Permanent Securitized Bond” means the permanent Global Securitized Bond, which is deposited with and registered in the name of the Securities Depository or its nominee, representing the Securitized Bonds sold in reliance on Regulation S.

“Regulation S Securitized Bond” means a Regulation S Temporary Securitized Bond or a Regulation S Permanent Securitized Bond.

“Regulation S Temporary Securitized Bond” means the temporary Global Securitized Bond, which is deposited with and registered in the name of the Securities Depository or its nominee, representing the Securitized Bonds sold in reliance on Regulation S.

“Remittance Requirement” means, with respect to any Third-Party Collector, the requirement that such Third-Party Collector remit Securitized Charges to the applicable Member Servicer within a prescribed number of days of billing by such Member Servicer in accordance with, if applicable, the Financing Order, Tariffs, other tariffs and any other applicable regulations imposed under the laws of the State of Texas.

“Remittance Shortfall” means the amount, if any, calculated for a particular Reconciliation Period, by which Actual SC Collections received by a Member Servicer during such Reconciliation Period exceed Estimated SC Collections remitted to the Collection Account by such Member Servicer during the Reconciliation Period.

“REP” means a retail electric provider as defined in Section 31.002(17) of the Utilities Code and shall include any REP that acts as the provider of last resort.

“Required Capital Level” means an amount equal to 0.50% of the initial principal amount of the Securitized Bonds, or such other amount as may be permitted or required under the Financing Order and applicable Internal Revenue Service rulings, deposited into the Capital



Subaccount by the Issuer, using funds provided by or on behalf of the Participating Members for this purpose in proportion to their respective Allocation Factors, prior to or upon the issuance of the Securitized Bonds.

“Requirement of Law” means any foreign, federal, state or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law.

“Responsible Officer” means with respect to (a) the Issuer, any Manager or any duly authorized officer; (b) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, Assistant Vice President, Secretary or Assistant Treasurer, Trust Officer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer’s knowledge and familiarity with the particular subject); (c) any corporation (other than the Indenture Trustee), the Chief Executive Officer, the President, any Vice President, the Chief Financial Officer, the Treasurer, the Assistant Treasurer or any other duly authorized officer of such Person who has been authorized to act in the circumstances; (d) any partnership, any general partner thereof; and (e) any other Person (other than an individual or the Indenture Trustee), any duly authorized officer or member of such Person, as the context may require, who is authorized to act in matters relating to such Person.

“Retirement of the Securitized Bonds” means any day on which the final distribution is made by the Indenture Trustee in respect of the last Outstanding Securitized Bonds and all Operating Expenses have been paid.

“Rule 144A” means Rule 144A under the Securities Act, as amended.

“Rule 144A Securitized Bond” means the permanent Global Securitized Bond, which is deposited with and registered in the name of the Securities Depository, or its nominee, representing the Securitized Bonds sold in reliance on Rule 144A.

“Sale Agreement” means each Securitized Property Purchase and Sale Agreement, dated as of [\_\_\_\_\_], 2022, by and between each Participating Member and the Issuer, as each of the same may be amended, restated, supplemented or otherwise modified from time to time.

“SC Collections” means Securitized Charges received by the Member Servicers to be remitted to the Collection Account.

“SC Customer Class” means each Customer class identified as a separate rate class in the Tariff.

“SC Payments” means the payments made by Customers based on the Securitized Charges.

“Scheduled Adjustment” means a True-Up Adjustment that occurs on a Scheduled Adjustment Date.

“Scheduled Adjustment Date” means, prior to the last Scheduled Final Payment Date, the first day of the Member Servicer’s billing cycle following each June 30 and December 31, commencing on [December 31, 2022], and, after the last Scheduled Final Payment Date, the first day of the Member’s Servicer’s billing cycle following each June 30, September 30, December 31 and March 31.

“Scheduled Final Payment Date” means with respect to each Tranche of Securitized Bonds, the date when all interest and principal is scheduled to be paid with respect to that Tranche in accordance with the Expected Amortization Schedule, as specified in the Series Supplement. For the avoidance of doubt, the Scheduled Final Payment Date with respect to any Tranche shall be the last Scheduled Payment Date set forth in the Expected Amortization Schedule relating to such Tranche. The “last Scheduled Final Payment Date” means the Scheduled Final Payment Date of the last maturing Tranche of Securitized Bonds.

“Scheduled Payment Date” is defined in the Series Supplement with respect to each Tranche of Securitized Bonds.

“SEC” means the U.S. Securities and Exchange Commission.

“Secretary of State” means the Secretary of State of the State of Delaware or the Secretary of State of the State of Texas, as the case may be, or any Governmental Authority succeeding to the duties of such offices.

“Secured Obligations” is defined in the Series Supplement.

“Secured Parties” means, with respect to the Securitized Bonds, the Indenture Trustee, the relevant Bondholders and any credit enhancer described in the Series Supplement.

“Securities Account” means the Collection Account (to the extent it constitutes a securities account as defined in the NY UCC and Federal Book-Entry Regulations).

“Securities Act” means the Securities Act of 1933, as amended.

“Securities Depository” means an organization registered as a Securities Depository pursuant to Section 17A of the Exchange Act.

“Securities Intermediary” means [\_\_\_\_\_], solely in the capacity of a “securities intermediary” as defined in the NY UCC and Federal Book-Entry Regulations or any successor securities intermediary under the Indenture.

“Securitized Bond Collateral” has the meaning specified in the preamble of the Indenture.

“Securitized Bond Interest Rate” means, with respect to any Tranche of Securitized Bonds, the rate at which interest accrues on the Securitized Bonds of such Tranche, as specified in the Series Supplement.

“Securitized Bond Register” means the register maintained pursuant to Section 2.11 of the Indenture, providing for the registration of the Securitized Bonds and transfers and exchanges thereof.

“Securitized Bond Registrar” means the registrar at any time of the Securitized Bond Register, appointed pursuant to Section 2.11 of the Indenture.

“Securitized Bonds” means the Securitized Bonds authorized by the Financing Order and issued under the Indenture.

“Securitized Charge” means any securitized charges as defined in Section 41.151(b)(10) of the Financing Act, which is authorized by the Financing Order, including any Termination Fee imposed in accordance with the Financing Order.

“Securitized Charge Calculation Certificate” is defined in Section 4.01 of each Servicing Agreements.

“Securitized Charge True-Up Letter” is defined in Section 4.01 of the Master Servicing Agreement.

“Securitized Property” means all securitized property as defined in Section 41.151(b)(11) of the Financing Act created pursuant to the Financing Order and sold or otherwise conveyed to the Issuer under the Sale Agreements, including the right to impose, collect and receive the Securitized Charges authorized in the Financing Order. As used in the Basic Documents, the term “Securitized Property” when used with respect to each of the Participating Members includes the contract rights of each Participating Member with respect to its Member Securitized Property that exist prior to the time that such rights are first transferred in connection with the issuance of the Securitized Bonds, at which time they become securitized property in accordance with Section 41.153 of the Financing Act.

“Securitized Property Notices” means securitized property notices filed with the Secretary of State of the State of Texas pursuant to Section 41.159 of the Financing Act.

“Securitized Property Records” is defined in Section 5.01 of the Servicing Agreements.

“Security Entitlement” means “security entitlement” (as defined in Section 8-102(a)(17) of the NY UCC) with respect to Financial Assets now or hereafter credited to the Securities Account and, with respect to Federal Book-Entry Regulations, with respect to Federal Book-Entry Securities now or hereafter credited to the Securities Account, as applicable.

“Seller” is defined in the Preamble to each of the Sale Agreements.

“Semi-Annual Master Servicer’s Certificate” means a certificate, substantially in the form of Exhibit C to the Master Servicing Agreement, completed and executed by a Responsible Officer of the Master Servicer pursuant to Section 4.04(b) of the Master Servicing Agreement.

“Series Supplement” means an indenture supplemental to the Indenture that authorizes the issuance of the Securitized Bonds, a form of which is attached as Exhibit B to the Indenture.

“Service Area” means the certificated service area of each Participating Member as it existed on the date of enactment of the Financing Act.

“Servicer Business Day” means any day other than a Saturday, Sunday or holiday on which the Member Servicers maintain normal office hours and conducts business.

“Servicer Default” is defined in Section 7.01 of each of the Servicing Agreements.

“Servicing Agreement” means each Securitized Property Servicing Agreement, dated as of [\_\_\_\_], 2022, by and between the Issuer and each Member Servicer, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Servicing Fee” means all the fees payable to each Member Servicer on each Payment Date for services rendered during the period from, but not including, the preceding Payment Date (or from the Closing Date in the case of the first Payment Date) to and including the current Payment Date, determined pursuant to Section 6.06 of each of the Servicing Agreements.

“Servicing Standard” means, with respect to the Master Servicer, the obligation of the Master Servicer to calculate and reconcile, and with respect to each Member Servicer, the obligation of the Member Servicer to apply and remit the, proceeds of the Securitized Property, including SC Payments, and all other Securitized Bond Collateral for the benefit of the Issuer and the Holders (i) with the same degree of care and diligence as the Master Servicer or the Member Servicer, as applicable, applies with respect to payments owed to it for its own account, (ii) in accordance with all applicable procedures and requirements established by the applicable Participating Member for collection of electric utility tariffs and (iii) in accordance with the other terms of the Master Servicing Agreement and the Servicing Agreements.

“Six Month Calculation Period” means the period comprised of the six (6) succeeding Collection Periods beginning with the Collection Period in which a True-Up Adjustment would go into effect.

“Special Payment” means with respect to any Tranche of Securitized Bonds, any payment of principal of or interest on (including any interest accruing upon default), or any other amount in respect of, the Securitized Bonds of such Tranche that is not actually paid within five (5) days of the Payment Date applicable thereto.

“Special Payment Date” means the date on which a Special Payment is to be made by the Indenture Trustee to the Holders.

“Special Record Date” means with respect to any Special Payment Date, the close of business on the fifteenth (15<sup>th</sup>) day (whether or not a Business Day) preceding such Special Payment Date.

“State” means any one of the fifty states of the United States of America or the District of Columbia.

“State Pledge” means the pledge of the State of Texas as set forth in Section 41.160 of the Financing Act.

“Subaccounts” is defined in Section 8.02(a) of the Indenture.

“Successor Master Servicer” is defined in Section 3.07(e) of the Indenture.

“Successor Servicer” is defined in Section 3.07(e) of the Indenture.

“Target SC Collections” means, with respect to each Member Servicer, the product of the total amount of SC Collections deposited by all Member Servicers on any date of calculation and the Allocation Factor with respect to such Member Servicer.

“Tariff” means any rate tariff adopted by a Participating Member pursuant to the Financing Act and the Financing Order to evidence the Securitized Charges.

“Temporary Securitized Bonds” means Securitized Bonds executed by the Issuer, and upon the receipt of an Issuer Order, authenticated and delivered by the Indenture Trustee pending the preparation of Definitive Securitized Bonds pursuant to Section 2.04 of the Indenture.

“Termination Fee” is defined in the Financing Order.

“Termination Notice” is defined in Section 7.01 of the Servicing Agreement.

“Texas UCC” means the Uniform Commercial Code as in effect on the date hereof in the State of Texas.

“Third-Party Collector” means each third party, including any REP, which, pursuant to any Tariff, any other tariffs adopted by a Participating Members, or any agreement with the Issuer, Brazos or any Participating Member, is obligated to bill, pay or collect electric charges for a Participating Member.

“Total Adjusted PPR” means the sum of (i) the PCOU Adjusted Periodic Payment Requirement, and (ii) the balance in the Excess Fund Subaccount held under the Indenture multiplied by negative one.

“Tranche” means, with respect to the Securitized Bonds, any one of the tranches of the Securitized Bonds.

“Treasury Regulations” means the regulations, including proposed or temporary regulations, promulgated under the Code. References herein to specific provisions of proposed or temporary regulations shall include analogous provisions of final Treasury Regulations or other successor Treasury Regulations.

“True-Up Adjustment” means any Scheduled Adjustment or Interim Adjustment, as the case may be.

“True-Up Letter” has the meaning set forth in Section 4.01 of the Master Servicing Agreement.

“Twelve Month Calculation Period” means the period comprised of the twelve (12) succeeding Collection Periods beginning with the Collection Period in which a True-Up Adjustment would go into effect.

“UCC” means, unless the context otherwise requires, the Uniform Commercial Code, as in effect in the relevant jurisdiction, as amended from time to time.

“Under-Collections” means the amount of Target SC Collections for each Member Servicer less the total amount of SC Collections such Member Servicer has remitted to the Collection Account.

“Unrecovered Balance” means, as of any Payment Date, the sum of the Outstanding Amount of the Securitized Bonds less the amount in the Excess Funds Subaccount available to make principal payments on the Securitized Bonds.

“U.S. Government Obligations” means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable at the option of the issuer thereof.

“Utilities Code” means the Texas Utilities Code, as amended from time to time.

**EXHIBIT K**  
**[RESERVED]**

**EXHIBIT L**

**LIST OF AUTHORIZED OFFICERS**

<i><b>Participating Member</b></i>	<i><b>Authorized Officer Title</b></i>
Bartlett Electric Cooperative	General Manager/CEO
Fort Belknap Electric Cooperative	General Manager/CEO
Hamilton County Electric Cooperative	General Manager
Heart of Texas Electric Cooperative	General Manager/CEO
HILCO Electric Cooperative	General Manager
Mid-South Electric Cooperative	General Manager/CEO
Navarro County Electric Cooperative	General Manager and Chief Executive Officer
Navasota Valley Electric Cooperative	Board President
Cooke County Electric Cooperative Association dba PenTex Energy	General Manager
Wise Electric Cooperative	General Manager



**SCHEDULE 1**

**EXCLUDED CUSTOMERS**

<i>Participating Members</i>	<i>Excluded Customer</i>
Bartlett Electric Cooperative	None.
Fort Belknap Electric Cooperative	Trinity Hills – Garvey Road
Hamilton County Electric Cooperative	None.
Heart of Texas Electric Cooperative	Calpine Bosque Energy CTR Chaparral North (Santa Fe) Chaparral South (Calvert) Breviloba (Greenbriar) Breviloba (Baileyville)
HILCO Electric Cooperative	Texas Express Pipeline (47092470)
Mid-South Electric Cooperative	None.
Navarro County Electric Cooperative	OneOk Permian Ennis Power Tarrant Water Dist – Ennis Tarrant Water Dist - Goodloe Energy Transfer Fuel OneOk Arbuckle – Emmett B OneOk Arbuckle – Clay Hill B Seaway Crude Pipeline
Navasota Valley Electric Cooperative	Texas Westmoreland Coal Co Hubbard Wind Project Walnut Creek Mining Prairie Hill Wind Project Texas Express Pipeline
Cooke County Electric Cooperative Association dba PenTex Energy	Southern Renewable Energy (59232-003) Wolf Ridge Wind LLC (51427-003) Copano Field Services (51532-013) Oneok Arbuckle North (54538-001)
Wise Electric Cooperative	OneOk

**SCHEDULE 2**

**DIRECT CHARGE CUSTOMERS**

<i>Participating Member</i>	<i>Customer Number - Monthly Direct Charge</i>
Bartlett Electric Cooperative	None.
Fort Belknap Electric Cooperative	2460268801 \$8.00
	2460274401 \$145.00
Hamilton County Electric Cooperative	None.
Heart of Texas Electric Cooperative	None.
HILCO Electric Cooperative	None.
Mid-South Electric Cooperative	None.
Navarro County Electric Cooperative	14708300 \$60.00
	2000016199 \$778.00
Navasota Valley Electric Cooperative	58748-004 \$57,030.00
	3471-007 \$58.00
Cooke County Electric Cooperative Association dba PenTex Energy	63600-003 \$12,392.00
	62769-002 \$895.00
Wise Electric Cooperative	616931-1 \$24,218.00
	384773-002 \$4,568.00
	381240-004 \$1,403.00
	381240-005 \$1,657.00
	381240-006 \$394.00
	381240-010 \$288.00
	381240-013 \$420.00
	316107-001 \$7,646.00
	319072-001 \$24,462.00
	324967-001 \$14,309.00
	318110-001 \$1,941.00
	382126-001 \$18,221.00
	300015-031 \$4,896.00

**SCHEDULE 3**

**SERVICING FEE PERCENTAGE**

<i>Participating Member</i>	<i>Percentage</i>
Bartlett Electric Cooperative	0.05%
Fort Belknap Electric Cooperative	0.05%
Hamilton County Electric Cooperative	0.05%
Heart of Texas Electric Cooperative	0.05%
HILCO Electric Cooperative	0.05%
Mid-South Electric Cooperative	0.05%
Navarro County Electric Cooperative	0.05%
Navasota Valley Electric Cooperative	0.05%
Cooke County Electric Cooperative Association dba PenTex Energy	0.05%
Wise Electric Cooperative	0.05%

## APPENDIX 1

### SAVINGS ANALYSIS

#### Appendix 1

The board of each Participating Member finds that if the recovery mechanism for wholesale power charges included in the current rate schedule of each Participating Member were used to pay amounts owed by the Participating Members to Brazos resulting from the February 2021 Winter Storm Uri Event, it would be financially impractical for the customers of each Participating Member to pay the amounts billed. Without a financing, which would spread these costs over a longer recovery period, the average customer would be required to immediately pay the amounts as detailed in **Table M-1**. As a result, the board of each Participating Member has determined that financing such payments to Brazos, pursuant to the Financing Act and this financing order, is in the best interest of each Participating Member and their respective customers.

**TABLE M-1**  
**Summary Comparison: No Financing**

Participating Member	Total Extraordinary Costs and Expenses	Number of Customers	Average Cost Per Customer Absent Any Financing
Bartlett	47,804,858	12,714	3,760
Ft Belknap	12,334,473	6,094	2,024
Hamilton	49,810,057	19,178	2,597
Hilco	120,369,460	31,003	3,883
HOTEC	84,308,826	23,263	3,624
Mid-South	111,408,203	35,691	3,121
Navarro	63,730,701	18,102	3,521
Navasota	53,420,929	20,524	2,603
Pentex	61,132,088	17,018	3,592
Wise	94,823,839	24,880	3,811
Total	\$699,143,434	208,467	\$3,354

Pursuant to the Financing Act, the boards of the Participating Members must determine that the issuance of the Bonds provides tangible and quantifiable benefits to the Participating Members, greater than would have been achieved absent the issuance of securitized bonds. The Savings Analysis conducted to determine whether the issuance of the Bonds achieves this standard is accomplished by using an economic analysis to account for the differences in the financing sources and structures available to the Participating Members and the time value of money of those differences. The Savings Analysis compares in the aggregate, over the expected life of the Securitized Charge recovery authorized by the Financing Act, the present value of the revenue requirement associated with recovery of the extraordinary costs through rates reflective of customary methods, with the present value of the revenue required assuming the issuance of the Bonds. The Savings Analysis methodology and approach to demonstrating whether the issuance of the Bonds provides tangible and quantifiable benefits to the

Participating Members, greater than would have been achieved absent the issuance of securitized bonds is consistent with recognized industry practices.

The benefits to the Participating Members and their respective customers set forth in Savings Analysis are fully indicative of the benefits that would be realized from the issuance of the Bonds (as compared to conventional electric cooperative financing methods or a “Conventional Financing”) authorized by the Financing Act and approved in this financing order; however, the actual benefits to Participating Members and their respective customers will depend upon several factors that are not definitively known at this time such as market conditions on the date of issuance of the Bonds, the actual scheduled final payment dates of the Bonds, the final amount of Qualified Costs financed and the terms and conditions of available Conventional Financing.

The Conventional Financing used for comparison in the Savings Analysis assumes that Brazos raises funds on behalf of the Participating Members consistent with historical financing practices of the Participating Members and the quantum of the extraordinary costs relative to the individual financing capacity of the Participating Members. The Participating Members’ ability to service additional debt to finance extraordinary costs is predicated on Brazos’s ability to set and collect rates sufficient to recover all costs required to service the Conventional Financing as well as to maintain all necessary operational and financial metrics required by the available financing sources. The cost of capital used as the basis for determining the revenue requirement under the Conventional Financing is 8.02% which is consistent with Brazos’s authorized cost of capital. As a practical matter, the Savings Analysis makes a simplifying assumption that the Conventional Financing would be available to the Participating Members in an amount sufficient to fund all of the extraordinary costs.

**Table M-2** summarizes the results and key inputs of the Savings Analysis used to compare the Conventional Financing and the securitization of Qualified Costs. The Participating Members incurred \$714.7 million in extraordinary costs as a result of the February 2021 Winter Storm Uri Event. If these cost were to be recovered through customary methods, the Participating Members would be required to recover approximately \$792.7 million on a present value basis compared to \$536.4 million if the extraordinary costs are financed with securitized bonds authorized by the Financing Act and approved in this financing order. The issuance of the Bonds provides tangible and quantifiable benefits expected to be approximately \$256.3 million satisfying the requirement of the Financing Act.

**TABLE M-2****Summary of Quantifiable Benefits to All Participating Members (\$000s)**

	Conventional Financing	Securitization
Return to capital sources	\$832,362	\$611,126
Amortization	714,713	714,713
Maintenance Costs	-	29,750
Other revenue-related fees	101,680	-
Provision for Uncollectibles	3,272	2,716
Total revenue requirement (nominal)	1,652,027	1,358,305
Discount rate	8.02%	8.02%
Total revenue requirement (present value)	\$792,709	\$536,431
<i>Securitization Savings (nominal)</i>		<b>\$293,722</b>
<i>Securitization Savings (present value)</i>		<b>\$256,278</b>

**Table M-3** provides savings expected to be realized by each Participating Member and their respective customers as further support for the tangible and quantifiable benefits expected to be realized in aggregate by Participating Members. The issuance of the Bonds provides tangible and quantifiable benefits for each Participating Member and their customers ranging between \$4.5 million and \$44.2 million satisfying the requirement of the Financing Act.

**TABLE M-3****Summary of Quantifiable Benefits by Each Participating Member (\$000s)**

Participating Member	Present value benefit of Securitization as compared to Conventional Financing
Bartlett	17,543
Ft Belknap	4,526
Hamilton	18,279
Hilco	44,173
HOTEC	30,939
Mid-South	40,884
Navarro	23,388
Navasota	19,604
Pentex	22,320
Wise	34,622
<i>Total Securitization Savings (present value)</i>	<b>\$256,278</b>