

FINANCING ORDER
OF
UNITED ELECTRIC COOPERATIVE SERVICES, INC.

This financing order is adopted by United Electric Cooperative Services, Inc. ("**United**"), pursuant to Subchapter D of Chapter 41 of the Texas Utilities Code, §§ 41.151 -41.163 (the "**Financing Act**"), to authorize and approve a securitization transaction under the Financing Act, including:

(a) the issuance and sale of up to \$460,000,000 aggregate principal amount of securitized bonds (the "**Bonds**") by United Electric Securitization LLC (the "**Issuer**"), a Delaware limited liability company, in order to recover qualified costs of United;

(b) the creation of the securitized property described in this financing order in United (the "**Securitized Property**"), including the rights and obligations to impose, bill, collect, receive and enforce the securitized charges described in this financing order (the "**Securitized Charges**"), as adjusted from time to time in accordance with this financing order;

(c) the sale of the 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 the Securitized Charges by United on its customers, 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 the Securitized Property, thereby allowing the recovery of qualified costs by United;

(f) the payment by United from the proceeds of the Purchase Price for certain qualified costs, including payment to Brazos Electric Power Cooperative, Inc. ("**Brazos**") for wholesale market power-related charges invoiced by the 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 United in excess of what would have been charged to United but for the February 2021 Winter Storm Uri Event; and

(g) the approval of forms of an indenture of trust, bond purchase agreement, sale agreement, limited liability company agreement relating to the creation of the Issuer, and certain servicing and administration 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 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**”). The Brazos Chapter 11 Plan contemplates that some or all of its members will finance all or a portion of the extraordinary costs owed to Brazos using securitized bonds under the Financing Act. The securitization transaction described below and authorized in this financing order will allow United to pay Brazos for the cost of supplying electricity to United 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 United to amortize the cost of such payment so as to minimize the impact on the monthly bills of United's customers.

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 an 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. An electric cooperative 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 provides that a cooperative that owes the independent organization certified under Section 39.151, 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.

In this financing order, the board of United requires the proceeds of the Bonds to be applied in accordance with the Financing Act. As required by the Financing Act, a portion of the Bond proceeds will be used to pay, in accordance with the Brazos Chapter 11 Plan approved by the Bankruptcy Court, United’s allocable portion of the amount owed by Brazos to ERCOT in connection with the claim for ERCOT wholesale charges incurred as a result of the February 2021 Winter Storm Uri Event. Such payment by United to Brazos, which shall be made in accordance with the terms of this financing order, along with the other funds made available to Brazos in accordance with the Brazos Chapter 11 Plan, shall satisfy the requirements of the Financing Act set forth in Texas Utilities Code § 41.151(b).

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 securitization transaction. In this financing order, United authorizes the creation of the Issuer, as a Delaware limited liability company, and further authorizes the Issuer to issue the Bonds for the benefit of United in a 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.¹

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.² The Financing Act further provides that a financing order shall include a determination by the board of the electric cooperative participating in a securitization financing as to how securitized charges will be collected and allocated among customers.³ In this financing order, the board of United has approved a collection and allocation methodology 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.⁴ In this financing order, the board of United has approved a true-up mechanism (the “**Adjustment Mechanism**”), that is consistent with the Financing Act.

The Financing Act requires that the board of an electric cooperative executing a securitization financing ensure that the issuance of the securitized bonds provides tangible and quantifiable benefits to the electric cooperative’s members, greater than would have been achieved absent the issuance of securitized bonds.⁵ It further requires the board of such electric cooperative ensure that the structuring and pricing of the securitized bonds are consistent with market conditions and the terms of the financing order.⁶ In this financing order, the board of United refers to these requirements, collectively, as the “**Benefit and Savings Tests**.” In this financing order, the board of United has determined, based upon the financing structure, the bond parameters, and other requirements imposed by this financing order, that the Benefit and Savings Tests will be 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

¹ Section 41.158 of the Texas Utilities Code

² Section 41.152(11) of the Texas Utilities Code; Section 41.157 of the Texas Utilities Code.

³ Section 41.153(c) of the Texas Utilities Code

⁴ Section 41.157 of the Texas Utilities Code.

⁵ Section 41.151(a) of the Texas Utilities Code.

⁶ *Id.*

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 ("**customers**"). The Financing Act provides that securitized charges shall be collected and allocated among customers in the manner provided in the financing order.⁷ 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.⁸ Such retail customers are required to pay the Securitized Charges in accordance with this financing order. In this financing order, the board of United refers to these requirements as the "**Non-Bypassability Requirements**". In addition, the board of United 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.⁹

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 an electric cooperative, such as United, or any other person or governmental authority.¹⁰ 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.¹¹

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 constitutes 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.¹² 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 39.¹³ 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 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 of the Texas

⁷ Section 41.153(c) of the Texas Utilities Code.

⁸ Section 41.156 of the Texas Utilities Code.

⁹ Section 41.153(b) of the Texas Utilities Code.

¹⁰ Section 41.154(d) of the Texas Utilities Code.

¹¹ *Id.*

¹² Section 41.153(d) of the Texas Utilities Code.

¹³ *Id.*

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.¹⁴ Accordingly, this financing order will be irrevocable, as of its effective date, in accordance with the requirements set forth herein, which include, but are not limited to, the approval of this financing order by the board of United and the 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 United 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 United, the expected increase in customer's bills would be unprecedented. The securitization transaction described below and authorized in this financing order will allow United to pay Brazos for the cost of supplying electricity to United 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 United to amortize the cost of such payment so as to minimize the impact on the monthly bills of United's customers.

Set forth below is a general overview of the 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 securitization transaction approved in this financing order shall include all of the following:

1. the creation of Securitized Property in favor of United, 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 Securitized Charges from the customers of United 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 of the Securitized Property by United 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;

¹⁴ Section 41.160 of the Texas Utilities Code.

4. the transfer of the net proceeds of the Bonds by the Issuer to United as consideration for the sale of United's Securitized Property pursuant to the Sale Agreement;
5. the performance of certain servicing activities for the Issuer by United, as the initial Servicer, relating to the Securitization Property, including, among other duties, the calculation and periodic adjustment, billing and collection of the Securitized Charges from its customers, as well as the performance of certain administration functions relating to the Issuer, all pursuant to a Servicing Agreement (defined below); and
6. 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 Agreement, the 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 hereof (the "**Trustee**"), as security for repayment of the Bonds.

The Issuer has been or will be formed by United, as sponsor and manager, as a limited liability company under the laws of Delaware pursuant to the terms of the Issuer 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 ("**Ongoing Financing Costs**", as described in this financing order).

Concurrent with the issuance of the Bonds, United will sell its Securitized Property to the Issuer pursuant to a Sale Agreement between United 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 United or any other person or governmental authority.

Concurrent with the issuance of the Bonds, United will contribute 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 (the "**equity deposit**").

Pursuant to a Servicing Agreement, United will act as the initial Servicer of the Securitized Property sold by United to the Issuer, and will undertake, on behalf of the Issuer, to calculate and periodically adjust in accordance with the Adjustment Mechanism approved in this financing order, bill and collect the Securitized Charges from United's customers, and remit those collections

to the Trustee, as authorized by and described in this financing order. Pursuant to the Servicing Agreement, United will also agree to perform certain administrative functions on behalf of the Issuer.

The Securitized Charges will be calculated and adjusted from time to time by United, as Servicer, or a successor to United, 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 and Ongoing Financing Costs for the Bonds. 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 United. Under the terms of the LLC Agreement, United will be appointed as a manager of the Issuer, and United 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 United, 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 United other than having served as an independent manager in other structured financings sponsored by United. The independent manager will need to approve any extraordinary action by the Issuer, such as merger, dissolution, sale of all or substantially all of the assets of the Issuer, 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 United.

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 Officer (as defined below) of United. 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 United, as initial Servicer for its 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 United will be deposited by the Trustee into the capital subaccount. Such equity deposit 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 certain limited 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 remittances 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 Officer of United, 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 United, based upon rating agency input and with the advice of Jefferies 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 final form of 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, including a cost of issuance account, 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 Servicer on behalf of the Issuer.

Upon the final principal payment 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 United.

D. Servicing Arrangements.

The Servicing Agreement is an agreement between United as the initial Servicer of its Securitized Property and the Issuer, as purchaser and owner of the Securitized Property. It sets forth the responsibilities and obligations of the Servicer, including, among other things, calculation and periodic adjustment in accordance with the Adjustment Mechanism, billing and collection of Securitized Charges, responding to customer inquiries, terminating service, and remitting collections to the Trustee for distribution to bondholders. The Servicing Agreement shall prohibit United from resigning as initial Servicer unless it is unlawful for United to continue in such capacity. Under the terms of the Servicing Agreement, United's resignation will not be effective until a successor Servicer assumes its obligations in order to continue servicing the Securitized Property 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 the Servicing Agreement, United shall be paid an annual servicing fee equal to 0.05% of the aggregate initial principal amount of the Bonds. In addition, United shall be entitled to receive reimbursement for certain out-of-pocket costs, fees and expenses, including 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 United 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 will significantly exceed the fees paid to United as initial Servicer. Accordingly, this financing order approves a servicing fee for any successor Servicer under the Servicing Agreement of up to 0.60% of the aggregate initial principal amount of the Bonds or such greater amount as approved by the Issuer based on prevailing market conditions and in accordance with the terms of the Indenture.

In addition, pursuant to the Servicing Agreement, United will agree to perform certain administration and servicing activities for the Issuer, including the calculation and adjustment of the Net Periodic Payment Requirement and the Securitized Charges, as applicable under the terms of the Servicing Agreement, to be imposed and collected on the bills of United pursuant to the Adjustment Mechanism.

E. The Adjustment Mechanism.

The Securitized Charge approved in this financing order will be a uniform, consumption-based (per kWh) charge imposed on all customers, regardless of class. As described above, the Financing Act requires that this financing order include a mechanism and procedures for requiring that securitized charges be reviewed by United, as Servicer, 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 Bonds and all Ongoing Financing Costs. The Adjustment Mechanism approved in this financing order, as further described in the attached **Exhibit A**, requires United to implement an adjustment to its Securitized Charges (a “**True-Up Adjustment**”) at least semi-annually (provided that the first True-Up Adjustment may occur more or less than six months following the Bond issuance date, but no more than nine months following such date), and every three months following the last final scheduled payment date of the Bonds. Additionally, the Servicer may make interim adjustments to the Securitized Charges if it determines at any time that collections of Securitized Charges will be insufficient to make payments of principal, interest and Ongoing Financing Costs in respect of the Bonds during the current and or next Calculation Period (as such term is defined below).

All 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 and reserve subaccount, if any, to their required level under the terms of the Indenture.

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 Servicer will apply the calculation steps described in **Exhibit A** using each Calculation Period and will select as the Securitized Charge the greater of the two results of the calculation as the Securitized Charge for the next Adjustment Date (defined below).

Each True-Up Adjustment calculation will take into account the most recent forecasted usage projected by United as well as the most recent delinquency, write-off and other collection data prepared by United.

The steps to be applied by the Servicer to calculate the Securitized Charge through a True-Up Adjustment, as described in **Exhibit A**, are designed to ensure that the Securitized Charge reflects 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.

Each True-Up Adjustment shall be made by a filing of a true-up letter (each, a “**True-Up Letter**”) by the Servicer, on behalf of the Issuer, with the board of United and with the Issuer. 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 board of United and with the Issuer, which Adjustment Date shall be no less than fifteen days following the date of the True-Up Letter. Except for the review and correction of a True-Up Adjustment by United, the Issuer or another agent on its behalf, or a governmental authority for computational or other manifest error, the True-Up Adjustment is not subject to notice to customers, protest, appeal or change by United or any customer of United or any governmental authority.

F. *Non-bypassability.*

The Financing Act requires that the Securitized Charges must be non-bypassable. This financing order requires that the Servicer must collect the Securitized Charges from all its existing or future customers located in the service area and connected to United's system assets and taking service, regardless of whether such system assets continue to be owned by United. United (or any successor Servicer) 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 that disconnects from United's system assets and connects to another electric service provider must either pay a termination fee ("**Termination Fee**"), as described and authorized herein, or continue to pay the Securitized Charges, which will be collected by the 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 the Servicer that will not result in any of the credit ratings on the Bonds being lowered or suspended.

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 United from the proceeds of the Bonds, are set forth in **Exhibit B**.

2. General Description of Bond Issuance Structure: The board of United 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 United. The form of the limited liability company agreement forming the Issuer is attached hereto in **Exhibit C** (the "**LLC Agreement**"). The board of United hereby approves the formation of the Issuer, as described in this financing order, and authorizes Issuer to serve as the issuer of the Bonds.

4. Upfront Financing Costs: The board of United finds that the issuance of the Bonds will require the payment of the Upfront Financing Costs described as follows:

- Expenses of the Issuer and United associated with the efforts to prepare or obtain approval of this financing order;
- fees and expenses of the Issuer and United associated with the structuring, marketing, and issuance of the Bonds, including:
 - legal counsel fees and expenses payable by the Issuer, United (as sponsor or Servicer, as applicable) and the Structuring Agent and the Initial Purchaser (as defined below) of the Bonds;
 - organizational costs of the Issuer;
 - structural advisory fees payable by the Issuer;
 - bond structuring or bond issuance fees and expenses;
 - servicing set-up costs of United;

- 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 and/or United with respect to the issuance of the Bonds or the sale of the Securitized Property;
- reimbursement for amounts paid by United as the equity deposit to the capital subaccount held under the Indenture; and
- amounts advanced by United or the Issuer 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 additional credit enhancement for the Bonds, is attached as **Exhibit D**, and United finds that Upfront Financing Costs in an amount not to 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 United, as determined by the Authorized Officer of United, based upon rating agency input and with the advice of the Structuring Agent, shall be reasonable. The Authorized Officer of United is hereby authorized and directed to determine the final amount of Upfront Financing Costs on or before the issuance of the Bonds, subject to the limitation above. Payment of Upfront Financing Costs will be paid from Bond proceeds.

5. Terms of the Bonds: The initial aggregate principal amount of the Bonds to be issued, which may not exceed \$460,000,000, will be equal to the sum of (i) the estimated qualified costs set forth in **Exhibit B**, which amounts include the Upfront Financing Costs, as estimated in **Exhibit D**, plus (ii) any additional amounts that may be required for additional credit enhancement for the Bonds, which will be included in the final amount of the Upfront Financing Costs.

The Bonds will be issued in one or more series and will include one or more series or 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 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 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 United, as determined by the Authorized Officer of United 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 Officer of United.

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 and final payment dates, legal 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, the form of which is approved in this financing order. In order to avoid any delay in the pricing of the Bonds, the board of United delegates to the Authorized Officer of United the authority to determine the final terms of the Bonds within the parameters established by this financing order, as described in the Findings of Fact below, and to execute and deliver the Bond Purchase Agreement on behalf of United. The execution and delivery of the Bond Purchase Agreement by the Authorized Officer of United will irrevocably bind United, and the Issuer 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, approved in accordance with the terms of this financing order.

6. Ongoing Financing Costs: The board of United 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 United 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;
- administrative fees and expenses of the Issuer (which may be included as part of the Servicer’s fees);
- 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 to replenish the capital subaccount or other reserve accounts created under the Indenture, including overcollateralization required by the Adjustment Mechanism; 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 expected principal and interest payable on the Bonds will not be known until the Bonds are priced, 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 prepared by the Structuring Agent, and is attached hereto as **Exhibit E**. All Ongoing Financing Costs will be paid as incurred from Securitized Charges, and allocated to United's customers based upon the Adjustment Mechanism approved in this financing order. Ongoing Financing Costs include the replenishment of the capital subaccount (or other reserve accounts created under the Indenture) to its required level and in order to ensure that United's capital is returned in full to United, even if this results in Securitized Charges being imposed after the retirement of the Bonds.

7. **Benefit and Savings Tests:**

- (a) Pursuant to the Financing Act, the board of United must determine that the issuance of the Bonds provides tangible and quantifiable benefits to United, greater than would have been achieved absent the issuance of securitized bonds. The board of United finds that if the recovery mechanism for wholesale power charges included in the current rate schedule of United were used to pay amounts owed by United to Brazos, it would be financially impractical for the customers of United to pay the amount billed. As a result, the board of United has determined that financing such payments, pursuant to the Financing Act and the financing order, is in the best interest of United and its customers. The Structuring Agent 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 United 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, United finds the debt service on the Bonds will include 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 United would otherwise incur if United borrowed such funds using traditional financing methods, thus resulting in tangible and quantifiable benefits to United's members (i.e. customers). In addition, upon a review of this Savings Analysis, the board of United finds that executing the securitization transaction provides United 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 United to ensure that the structuring and pricing of the Bonds are consistent with market conditions and the terms of the 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 by the Issuer upon the Initial Purchaser in the Bond Purchase Agreement as well as the requirement that the Authorized Officer of United review and approve the final terms of the Bonds prior to the execution of the Bond Purchase Agreement, the board of United 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 the financing order at the time of pricing.

8. Securitized Charges: The Adjustment Mechanism will be used to determine the Securitized Charge for United customers, as described in Exhibit A. The Securitized Charge shall be billed to customers in accordance with this financing order. The initial Securitized Charge will go into effect and be billed commencing on the first day of United's first billing cycle following the 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 bill even though the Securitized Charges may not have been effective on the dates such customers used electricity to which the Securitized Charges are applied.

9. Adjustment Mechanism: The board of United finds the Adjustment Mechanism, as described and set forth in Exhibit A attached hereto, which shall be used to calculate and periodically adjust the Securitized Charges for United's 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.

10. Non-bypassability; Termination Fee: United, as Servicer under the terms of the Servicing Agreement, or any successor Servicer, must collect the Securitized Charges from all of its existing or future customers located in the service area and connected to United's system assets and taking service, regardless of whether its system assets continue to be owned by United. United (or any successor Servicer) 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 that disconnects from United's system and connects to another electric service provider must either pay the Termination Fee or continue to pay the Securitized Charges, which will be collected by the 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 the Servicer that will not result in any of the credit ratings on the Bonds being lowered or suspended. The Termination Fee shall be calculated by the Servicer and shall be equal to the average annual amount of Securitized Charges billed to a customer over the previous twelve months prior to the termination of service (or an approximate annualized amount) times the remaining years that the Securitized Bonds are scheduled to be outstanding. For the avoidance of doubt the Termination Fee shall apply to all customers or former customers who terminated service and disconnected from United's system assets following the enactment of the Financing Act (whether before or after the issuance of this financing order) unless the terminated customer pays to United its allocable share of extraordinary costs and expenses prior to the execution of the Bond Purchase Agreement relating to the Bonds. Any customers that choose to self-generate shall pay the Securitized Charges based on the gross kWh delivered to the customer that passes through the system's billing meter. For avoidance of doubt, the Securitized Charges applied to all other customers shall apply to total billed kWh. These non-bypassability features are approved by United for use in this financing order. The board finds that the Termination Fee as approved in this financing order is consistent with the Financing Act, just and reasonable and not unreasonably preferential, prejudicial, or discriminatory to customers.

11. Notification of Ownership of Securitized Charge: The board of United 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 United, acting in its capacity as Servicer, in accordance with the terms of the 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 United that is billing such customers.

12. Form of Tariff: The form of United's tariff implementing the Securitized Charges and attached as **Exhibit F** hereto 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. Securitized Property: The Securitized Property created for United pursuant to the terms of this financing order shall include any and all right, title and interest of any kind of United 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 electric cooperative 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.

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

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

16. Servicing of Securitized Charges: The Securitized Charges will be imposed, periodically adjusted from time to time, billed and collected by United or its successors or assigns as servicer for the Issuer (the "**Servicer**"). United 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 Securitized Property sold by United to the Issuer, as well as certain administrative duties relating to the Issuer and its maintenance. Pursuant to the Servicing Agreement, United will be paid an annual servicing fee equal to 0.05% of the aggregate initial principal amount of the Bonds, plus reimbursement of out-of-pocket expenses as provided

in the Servicing Agreement. 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 Officer of United. The board of United finds that such servicing compensation is reasonable and fair compensation for the services to be performed by United. United shall not be entitled to resign as Servicer unless it is prohibited from performing such activities by law.

17. Successor Servicers: If United 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 will significantly exceed the fees imposed by United as initial Servicer. This financing order approves a servicing fee for a successor Servicer under the Servicing Agreement of up to 0.60% of the aggregate initial principal amount of the Bonds or such greater amount as approved by the Issuer or the Indenture Trustee based on then prevailing market conditions and in accordance with the terms of the Indenture.

18. Third Party Billing: If United, or any successor, permits retail competition to be introduced into United's service area, United (or its successor) 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 order adopted by the Commission under Subchapter G of Chapter 39 of the Texas Utilities Code, approved by the Servicer, and which will not result in any of the credit ratings on the Bonds being lowered or suspended.

19. Basic Bond Documents: The forms of the LLC Agreement, Indenture, Sale Agreement, and Servicing Agreement are reasonable and appropriate to achieve the highest possible ratings on the Bonds, and should be approved for execution by United and the Issuer, subject to such changes as are approved by an Authorized Officer of United, as the case may be, and as provided in this financing order. The procedures for confirming that a proposed action to be taken by the Issuer, the Trustee or the Servicer will not result in the credit ratings on the Bonds being lowered or suspended shall be set forth in the Indenture and the Servicing Agreement, as approved by the Authorized Officer of United. The execution and delivery of such documents by the Authorized Officer of United, or by the Issuer in accordance with the LLC Agreement, respectively, will evidence conclusive proof of such approval by each such party.

20. Bond Purchase Agreement: In order to provide for the marketing and sale of the Bonds, the Issuer and United will enter into an agreement with the Initial Purchaser of the Bonds, Jefferies LLC (the "Initial Purchaser"), to purchase the Bonds substantially in the form attached hereto as Exhibit K (the "Bond Purchase Agreement"). The form of Bond Purchase Agreement is reasonable, and should be approved for execution by the Issuer and United, subject to such changes not inconsistent with the terms of this financing order, as are approved by the Authorized Officer of United and the Initial Purchaser.

21. Offering Documents: In order to provide for the marketing and sale of the Bonds, the Authorized Officer of United, with the assistance and advice of counsel and the Structuring Agent, will prepare an offering memorandum in order to permit the offer and sale of the Bonds in compliance with the securities laws of the United States. United will provide such information, certifications and undertakings to effectuate such offering and sale and to satisfy any disclosure

requirements to investors under the securities laws of the United States, the Bond Purchase Agreement, and the terms of the Indenture.

22. Equity Contribution: The board of United finds that the contribution of an equity contribution is reasonable and appropriate to ensure the necessary federal tax treatment and achieve the highest possible ratings on the Bonds and should be approved. United's equity contribution will be made by United on or before the date of delivery of the Bonds, for deposit into capital subaccount held by the Trustee.

23. Delegation of Authority to Authorized Officer: As the pricing and terms of the Bonds, the Upfront Financing Costs and Ongoing Financing Costs and the 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 United deems it reasonable to appoint the Authorized Officer of United to review and approve, as and on behalf of United and the Issuer, 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 United and the Issuer shall constitute the final and irrevocable approval of the terms of the Bonds.

24. 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 Officer, based on the advice of legal counsel to such Authorized Officer, to be frivolous; and (ii) subsequent to Bankruptcy Court approval of the Brazos Chapter 11 Plan as described herein.

25. Allocation of Charge: The Securitized Charges will be a uniform consumption based charge applied to all of United's customers, regardless of class. The board of United has reviewed the Savings Analysis and hereby finds that such an allocation of the Securitized Charges among its customers is just and reasonable and not unreasonably preferential, prejudicial, or discriminatory.

26. Determination Regarding the Proceeds and Revenues Received by United: The board of United has determined that the proceeds from the sale of the Securitized Property received by United are for the payment of extraordinary costs and expenses, including related qualified costs and wholesale power costs related to the February 2021 Winter Storm Uri Event in excess of what would have been paid for the same amount of electric power and energy at the average rate incurred by United for electric power and energy purchased during the month of January 2021, and the revenues received by United in connection with the securitization pursuant to the Financing Act and 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 United from the proceeds of the Bonds constitute extraordinary costs and expenses of United 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 United 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 securitization transaction under the Financing Act.

(g) The transactions authorized by this financing order satisfy 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 United, and (ii) entry of a court order by the Bankruptcy Court confirming approval of 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 United, 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 United or any of its successors, or assignees.

4. Duration of Securitized Charges: 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 United, as Servicer under the terms of the Servicing Agreement, 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, neither United, 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 connected to the system assets and taking service in United's service area, regardless of whether the system assets continue to be owned by United, 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 herein, are consistent with and satisfy the requirements of the Financing Act.

7. Nondiscriminatory: The Securitized Charges authorized by this financing order, which is a uniform, consumption-based charge, applied to all customers of United regardless of class 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 Structuring Agent and Initial Purchaser 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 United, such payment shall be allocated by United pro rata between the Securitized Charges and the other charges or fees applied to a customer's account with United.

10. True Sale: As provided in Section 41.158 of the Texas Utilities Code, the Sale Agreement evidences an absolute and true sale of the Securitized Property sold to the Issuer by United, 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. The Sale Agreement shall be treated as an absolute sale regardless of whether the Issuer has any recourse against United, or any other term of the parties' agreement, including United's retention of an equitable interest in the Issuer or the Securitized Property, the fact that United 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 Securitized Property sold by United to the Issuer in the 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 Securitized Property by United 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 United 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 United, 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 United 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, United, any successor or assignee of United, or any other person with any operational control of any portion of United'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 United 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 Securitized Property as if they were secured parties under Chapter 9, Texas Business & Commerce Code, and may apply to a district court 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 United or any other person or in connection with the bankruptcy of United or any other entity. This financing order shall remain in effect and unabated notwithstanding the bankruptcy of United or any of United's successors or assignees.

17. Third-Party Billing: If United (or any successor) permits retail competition to be introduced into United's service area, United shall not permit any third party to collect the Securitized Charges except under standards, procedures and conditions, approved by the Servicer, which are reasonably comparable to those set forth in the financing order 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 United, 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, 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 United 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 tranches, in an aggregate principal amount not exceeding \$460,000,000, and the application of the proceeds of the Bonds, net of Upfront Financing Costs, to the purchase from United the Securitized Property created pursuant to this financing order and the Financing Act.
2. Application of Bond Proceeds: The proceeds of the Bonds shall be used by United to pay the Qualified Costs approved in Exhibit B of this financing order in accordance with the Financing Act. Such Bond proceeds to be paid to Brazos by United, including, without limitation, those Bond proceeds used to satisfy Section 41.151(b) of the Texas Utilities Code, 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 charged to United by Brazos, in accordance with the Brazos Chapter 11 Plan. The Authorized Officer of United is 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, legal 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 or over-collateralization, 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 for execution in accordance with this financing order; provided, however, no legal maturity for the Bonds may 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 United's Securitized Property, in amounts sufficient to pay principal, interest, premium (if any) and Ongoing Financing Costs, including the right to impose and collect the Securitized Charges from its customers, as described in this financing order. The Securitized Property applicable to United will be created concurrently with the sale of such property to the Issuer as provided in the Sale Agreement.
6. Sale of Securitized Property: The sale by United of its Securitized Property created by this financing order and the Financing Act to the Issuer as described in this financing order. Upon the transfer by United of such Securitized Property to the Issuer, the Issuer will have all of the rights, title and interest of United with respect to such 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 Securitized Property.
7. Adjustment Mechanism: The Adjustment Mechanism as described in **Exhibit A** to this financing order, and irrevocably authorizes its use to adjust the Securitized Charges 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 provide for timely payment of scheduled principal of and interest on the Bonds and the payment and recovery of Ongoing Financing Costs.
8. Securitized Charge Adjustment Not Subject to Review 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 Issuer and the board of United by the Servicer, which Adjustment Date shall be no less than fifteen days following the filing of such True-Up Letter with United (provided that the initial Securitization Charge shall be filed by United with the board of United and the Issuer no later than two days prior to the date of issuance of the Bonds). If the Issuer, or the Trustee or bondholders acting in accordance with the Indenture, or the Servicer determine that there is a computational or

other manifest error in the adjustment to the Securitized Charges, the Issuer and the Servicer shall work to correct such calculation, as necessary, and the Servicer shall promptly submit a revised True-Up Letter, which True-Up Letter(s) shall become effective on the originally specified Adjustment Date. Notwithstanding the foregoing, if the Servicer determines, any such correction cannot be made and implemented by the Servicer before the Adjustment Date to ensure prompt and timely payment of the Bonds, all such corrections shall be made by the Servicer in the next adjustment filing, including any interim True-Up Adjustment. 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 customer of United.

9. 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 United's capital is returned in full to United even if this results in Securitized Charges being imposed after the retirement of the Bonds.
10. Duration of Securitized Charge: The Securitized Charges approved by this financing order shall be imposed and adjusted from time to time in accordance with the Adjustment Mechanism and collected by United, 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. The initial Securitized Charges will go into effect and be imposed and billed commencing on the first day of United's first billing cycle following the 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 used electricity to which the Securitized Charges are applied.
11. Pledge of Securitized Property: The Issuer will pledge the Securitized Property sold to the Issuer by United 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 Officer of United under the terms of this financing order. The 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.
12. Non-bypassability; Termination Fee: The Servicer, in accordance with the terms of the Servicing Agreement and this financing order, will bill and collect the Securitized Charge, from all of its existing and future customers connected to United's system assets and taking service, regardless of whether its system assets continue to be owned by United. United, as Servicer, will be required to collect the Securitized Charges from customers that switch to another retail electric service provider in the service area or to new retail customer on-site generation. Any customer that disconnects from United's system and connects to another electric service provider must either pay a Termination Fee as described in this

financing order or continue to pay the Securitized Charges, which will be collected by the 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 the Servicer that will not result in any of the credit ratings on the Bonds being lowered or suspended. United will require any customer that chooses to self-generate through new onsite generation to pay the Securitized Charges, as provided in this financing order.

13. Ownership Notification: If the Securitized Charges are not separately identified on bills presented to customers, United, 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 United or Servicer that is billing the Securitized Charges.
14. 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 United, such payment shall be allocated by United pro rata between the Securitized Charges billed to such customer and United's charges.
15. Approval of Tariff: United approves the form of tariff implementing the Securitized Charges and attached hereto as **Exhibit F**. The form of United'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.
16. Servicing: United will service its Securitized Property in accordance with the terms of a Servicing Agreement. United will not resign as Servicer unless United is legally prohibited from performing such services.
17. Default by United: If United defaults in its obligations under a Servicing Agreement, United may be replaced pursuant to the terms of the Servicing Agreement and the Indenture. Any increased costs resulting from such default will be Ongoing Financing Costs.
18. Successors Bound: United and any successor or assignee of United, or any other person with any operational control of any portion of United'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.
19. Third-Party Billing: If United permits retail competition to be introduced into United's service area, United will not permit any third party to collect the Securitized Charges except under standards, procedures and conditions, approved by the Servicer, 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.

20. Equity Contribution: United will make an equity contribution 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 for United shall be an amount equal to 0.50% of the principal amount of the Bonds. Upon payment in full of the Bonds, or if the capital subaccount is underfunded, upon total replenishment of such subaccount, United shall be entitled to the return of its original equity contribution, in accordance with the terms of the Indenture as well as the terms of the LLC Agreement creating the Issuer.
21. Appointment of Authorized Officer: The board of United irrevocably appoints as its Authorized Officer the officer identified in **Exhibit L** attached hereto or their respective designees. Such Authorized Officer is hereby authorized and directed to take on behalf of United, as applicable, or to cause the Issuer to take, in accordance with the LLC Agreement, any and all action such Authorized Officer determines to be necessary or convenient to achieve the highest possible credit rating on the Bonds, satisfy the Benefits and Savings Tests and effect the issuance of the Bonds by the Issuer and the sale of the Securitized Property 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 Officer, conclusively evidences the final approval and agreement of United and the Issuer with respect to such transaction document.
22. Approval of Issuer LLC Agreement: United approves the form of the Issuer LLC Agreement, in substantially the form attached to this financing order, and authorizes the execution and delivery of such agreements by the Authorized Officer of United, subject to such changes as such Authorized Officer shall approve in accordance with this financing order.
23. Approval of Sale Agreement and Servicing Agreement: United approves the form 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 the Authorized Officer of United, subject to such changes as such Authorized Officer shall approve in accordance with this financing order.
24. Approval of Indenture: The board of United approves the forms of the Indenture and the in substantially the form attached to this financing order, subject such changes as the Authorized Officer of United shall approve, in accordance with this financing order. If United defaults in its obligations under the Servicing Agreement, United may be replaced pursuant to the terms of the Servicing Agreement and the Indenture, at the direction of the Trustee or the bondholders, as provided in such documents.
25. Approval of Bond Purchase Agreement: The board of United approves the form of the Bond Purchase Agreement in substantially the form attached to this financing order, subject to such changes as the Authorized Officer of United shall approve in accordance with this financing order. The Authorized Officer of United 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.

26. Manner of Sale: The board of United 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 Bond Purchase Agreement attached to this financing order. The board of United hereby authorizes and directs United, and the 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.
27. Offering Documents: In order to provide the marketing and sale of the Bonds, the Authorized Officer of United, with the assistance and advice of counsel and the Structuring Agent, is authorized to prepare an offering memorandum in order to permit the offer and sale of the Bonds in compliance with the securities laws of the United States and to provide such information, certifications and undertakings as such Authorized Officer deems necessary or appropriate to effectuate such offering and sale and to satisfy any continuing disclosure requirements to investors under the securities laws of the United States and the terms of the Indenture.
28. Tax Liability: United shall pay any taxes or charges associated with the receipt of the Bond proceeds or the Securitization Charges imposed upon United or the Issuer.
29. Effectiveness: This financing order shall become effective on the date that the board of United has adopted the financing order and the Bankruptcy Court has approved the Brazos Chapter 11 Plan, and, once effective, this financing order is irrevocable and not subject to denial, rescission, reduction, impairment, adjustment, or other alteration by further action of the board of United, or by action of any regulatory or other governmental body of the State, except as permitted by the Adjustment Mechanism.
30. Bankruptcy of United: This financing order shall remain in effect and unabated notwithstanding the bankruptcy of United, its successors, or assignees.

The Authorized Officer of United attests and certifies that the board of directors of United adopted and approved this financing order on August 22, 2022.

UNITED ELECTRIC COOPERATIVE
SERVICES, INC.

By: /s/ Cameron Smallwood
Name: Cameron Smallwood
Title: General Manager

LIST OF EXHIBITS AND APPENDICES

EXHIBIT A: ADJUSTMENT MECHANISM

EXHIBIT B: EXTRAORDINARY COSTS AND EXPENSES AND SALES PRICE FOR SECURITIZED PROPERTY

EXHIBIT C: FORM OF ISSUER LLC AGREEMENT

EXHIBIT D: ESTIMATE OF UPFRONT FINANCING COSTS

EXHIBIT E: ESTIMATE OF ONGOING FINANCING COSTS

EXHIBIT F: FORM OF TARIFF

EXHIBIT G: FORM OF SERVICING AGREEMENT

EXHIBIT H: RESERVED

EXHIBIT I: FORM OF SALE AGREEMENT

EXHIBIT J: FORM OF INDENTURE

EXHIBIT K: FORM OF BOND PURCHASE AGREEMENT

EXHIBIT L: AUTHORIZED OFFICER

APPENDIX 1: SAVINGS ANALYSIS

EXHIBIT A

ADJUSTMENT MECHANISM

The Servicer will make adjustments to the Securitized Charges semi-annually (every six months, except for the first True-Up Adjustment, which may be longer or shorter than six months, but in no event no more than nine months) until the last scheduled final payment date for the Bonds. Following the last scheduled final payment date of the Bonds, if any Bonds remain outstanding, the Servicer will file True-Up Adjustments every three months until the Bonds and all Ongoing Financing Costs are paid. Additionally, the Servicer may make an interim adjustment to the Securitized Charges if it determines that collections of Securitized Charges will be insufficient to make payments of principal, interest and Ongoing Financing Costs in respect of the Bonds during the current Calculation Period or the six-month period following such Calculation Period.

The Securitized Charges will be calculated, in accordance with the terms of the Servicing Agreement and this financing order, by the Servicer, *first* for the six-month (or shorter) period from the proposed Adjustment Date through the next bond payment date, and *second* for the twelve month period following the proposed Adjustment Date (each a “**Calculation Period**”).

Each True-Up Adjustment will involve the following steps to calculate the Securitized Charges.

1. The Servicer will determine the amount necessary to pay timely during such Calculation Period the interest and principal due and payable on the Bonds, as well as any scheduled principal that has become payable as shown on the original scheduled amortization table, and all Ongoing Financing Costs due and payable in such Calculation Period, as well as any amount necessary to make the amount on deposit in the capital subaccount held under the terms of the Indenture conform to the requirements of the Indenture (collectively, the “**scheduled periodic payment requirement**” or “**Scheduled PPR**”).
2. The Servicer will deduct from Scheduled PPR the projected collections under the existing Securitized Charge and amounts held by the Trustee for the Bonds expected to be available to pay the Scheduled PPR (not including amounts held in the capital subaccount or any reserves required to be held by Trustee under terms of the Indenture) to determine the net periodic payment requirement (“**Net Periodic Payment Requirement**” or “**Net PPR**”).
3. The Servicer will adjust the Net Periodic Payment Requirement for the most recent delinquency, write-offs and payment lag experience, to determine United’s periodic billing requirement (“**Periodic Billing Requirement**” or “**PBR**”).
4. The Servicer will divide the Periodic Billing Requirement by the electricity (kWh) sales forecasted by the Servicer during the Calculation Period to determine the projected charge for the Calculation Period.
5. The Servicer shall compare the projected charge applicable for each Calculation Period and the greater of the two charges shall be the Securitized Charge for such True-Up Adjustment.

EXHIBIT B

QUALIFIED COSTS FOR SECURITIZED PROPERTY

Column A	Column B	Column C	Column D	Column F	Column G
Estimated Amount Payable to Brazos for Storm Costs from Bond Proceeds	Estimated Proceeds to United for Other Extraordinary Costs and Expenses or other Qualified Costs	Estimated Qualified Costs to Reimburse Capital Contribution	Total Estimated Qualified Costs to be Paid by United from Bond Proceeds	Estimated Upfront Financing Costs	Total Estimated Securitized Bond Proceeds
\$430,781,177	\$9,971,000	\$2,300,000	\$443,052,177	\$3,184,000	\$446,236,177

EXHIBIT C
FORM OF LLC AGREEMENT

**LIMITED LIABILITY COMPANY AGREEMENT
OF
UNITED ELECTRIC SECURITIZATION LLC**

a Delaware limited liability company

THIS LIMITED LIABILITY COMPANY AGREEMENT (as amended from time to time, this “Agreement”) of UNITED ELECTRIC SECURITIZATION LLC, a Delaware limited liability company (the “Company”), effective as of [____], 2022, is entered into by United Electric Cooperative Services, Inc., a Texas electric cooperative (“United Electric”), as the Member and as the Manager (each as defined below), and [____], as the Independent Manager (as defined below), 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, 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 [] 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.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute.

“Financing Order” means that certain Financing Order of United Electric Cooperative Services, 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 United Electric, 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 [_____].

“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, the Member, the Manager or the Servicer (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 United Electric Cooperative Services, Inc.

“Member” means United Electric Cooperative Services, Inc., 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.

“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.

“Sale Agreement” means the securitized property purchase and sale agreement, to be dated on or about the Closing Date, between the Company and United Electric, providing for the sale of the Securitized Property of United Electric to the Company.

“Securities Act” means the Securities Act of 1933, as amended.

“Securitized Property” means the assets of United Electric sold to the Company pursuant to the Sale 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.

“Servicer” means United Electric, together with its permitted successors and assigns.

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

“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 UNITED ELECTRIC SECURITIZATION LLC.

Section 3. Purpose and Powers.

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

(i) to acquire the Securitized Property from United Electric pursuant to the Sale Agreement;

(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 United Electric 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 Sale Agreement, the Servicing Agreement and any other 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 United Electric 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 United Electric 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, United Electric 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 United Electric 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 United Electric, including any and all benefits to which the holder of such 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 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 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 United Electric 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 United Electric 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:

**UNITED ELECTRIC COOPERATIVE
SERVICES, INC.,**
a Texas electric cooperative

By: _____
Name: _____
Title: _____

MANAGER:

**UNITED ELECTRIC COOPERATIVE
SERVICES, INC.,**
a Texas electric cooperative corporation

By: _____
Name: _____
Title: _____

INDEPENDENT MANAGER:

[NAME]

EXHIBIT D

ESTIMATE OF UPFRONT FINANCING COSTS¹

Exhibit D

Estimate of Upfront Financing Costs

Description	Party	Amount
Transaction Legal Fees		
Initial Purchasers Counsel	Norton Rose Fulbright	650,000
Regulatory Counsel	Eversheds Sutherland	25,000
Delaware Counsel	Richards, Layton & Finger	15,000
	Sub-total	690,000
Rating Agencies		
Moody's		264,500
Fitch	Includes Yr 1 Surveillance	210,000
	Sub-total	474,500
Prospectus Posting / Investor Roadshow		2,500
Trustee	BNY Mellon	5,000
Trustee Counsel		30,000
17g-5 Dataroom Site	Finsight	7,000
Accountant		25,000
Contingency		50,000
Initial Purchaser Fees and Expenses		1,900,000
	Total	\$3,184,000

¹ Excludes any additional amounts that may be required for additional credit enhancement for the Bonds.

EXHIBIT E

ESTIMATE OF ONGOING FINANCING COSTS

Exhibit E

Estimate of Ongoing Financing Costs

Description	Party	Amount	
Servicing Fee	United Electric Cooperative	230,000	0.05% of securitized amount
Rating Agency Surveillance			
	Moody's	28,000	Year 1; escalating at 2% annually
	Fitch	10,000	
	Sub-total	38,000	
Trustee Fees	BNY Mellon	7,500	
Independent Director Fees		5,000	
Miscellaneous		5,000	
Total		\$285,500	

EXHIBIT F
FORM OF TARIFF

STANDARD PRICING SCHEDULE: [INSERT NAME OF SECURITIZED BONDS]

Date Issued [____]
Effective Date [____]

Any Customer that disconnects from the Cooperative's system and connects to another electric service provider must either pay a Termination Fee or alternatively, the electric service provider must agree to

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STANDARD PRICING SCHEDULE: [INSERT NAME OF SECURITIZED BONDS]

Date Issued [____]
Effective Date [____]

The Termination Fee shall equal the Securitized Charges billed to the Customer over the 12 months prior to termination (or an approximate annualized amount, based on amounts billed to such Customer to date, for Customers that have been billed the Securitized Charges for fewer than 12 months) multiplied by the remaining years that the Securitized Bonds are scheduled to be outstanding.

For the avoidance of doubt the Termination Fee shall apply to all Customers or former Customers who terminated service and disconnected from United's system following the enactment of the Financing Act (whether before or after the issuance of the Financing Order) unless the terminated Customer pays to United its allocable share of extraordinary costs and expenses (as defined in the Financing Act) in accordance with the requirements of the Financing Order.

EXHIBIT G
FORM OF SERVICING AGREEMENT

SECURITIZED PROPERTY SERVICING AGREEMENT

by and between

UNITED ELECTRIC SECURITIZATION LLC,

as Issuer

and

UNITED ELECTRIC COOPERATIVE SERVICES, INC.

as Servicer

Dated as of [____], 2022

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This SECURITIZED PROPERTY SERVICING AGREEMENT (this “Agreement”), dated as of [____], 2022, is between UNITED ELECTRIC SECURITIZATION LLC, a Delaware limited liability company, as issuer (the “Issuer”), and UNITED ELECTRIC COOPERATIVE SERVICES, INC. (in its own capacity “United”), a Texas electric cooperative corporation, as servicer (in its capacity as service under this Agreement, the “Servicer”).

RECITALS

WHEREAS, pursuant to the Financing Act and the Financing Order, United, in its capacity as seller (the “Seller”), and the Issuer are concurrently entering into the 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 Servicer to carry out the functions described herein (such functions or similar functions currently performed by the Servicer for itself with respect to its own charges to its Customers) and the Servicer desires to be so engaged;

WHEREAS, the Issuer desires to engage the Servicer to act on its behalf in calculating True-Up Adjustments and the Servicer desires to be so engaged;

WHEREAS, the SC Collections initially will be commingled with other funds collected by the Servicer;

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; and

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.

(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 Servicer; Acceptance of Appointment. The Issuer hereby appoints the Servicer, and the Servicer, as an independent contractor, hereby accepts such appointment, to perform the 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 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 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 Servicer such documents as have been prepared by the Servicer for execution by the Issuer and shall furnish the Servicer with such other documents as may be in the Issuer’s possession, in each case as the Servicer may determine to be necessary or appropriate to enable it to carry out its servicing and administrative duties hereunder. Upon the Servicer’s written request, the Issuer shall furnish the Servicer with any powers of attorney or other documents necessary or appropriate to enable the 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 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 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 SERVICER

SECTION 3.01. Duties of Servicer. The Servicer, as agent for the Issuer, shall have the following duties:

(a) Duties of Servicer Generally. The 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, when and if the Service Area becomes subject to retail competition), calculating adjustments to the Securitized Charges in accordance with Section 4.01 of this Agreement, billing, collections and posting of all payments in respect of the Securitized Property; 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 Issuer, the Indenture Trustee and the Rating Agencies; and taking such other action 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 all filings and taking such other action 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 Servicer's usual and customary practices; taking all necessary action in connection with 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. Without limiting the generality of this Section 3.01(a), in furtherance of the foregoing, the 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 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 Servicer shall prepare and deliver to the Issuer, the Indenture Trustee and the Rating Agencies a written report substantially in the form of Exhibit A hereto (a "Monthly Servicer's Certificate") setting forth certain information relating to SC Collections received by the Servicer during the Collection Period immediately preceding such date, including the Remittance Shortfall or Excess Remittance as and if required by Section 6.11(c) hereof; provided, however, that for any month in which the Servicer is required to deliver a Semi-Annual Servicer's Certificate pursuant to Section 4.01(c)(ii), the Servicer shall prepare and deliver the Monthly Servicer's Certificate no later than the date of delivery of such Semi-Annual Servicer's Certificate.

(ii) Notification of Laws and Regulations. The Servicer shall immediately notify the Issuer, the Indenture Trustee and the Rating Agencies in writing of any Requirements of Law hereafter

promulgated that have a material adverse effect on the Servicer's ability to perform its duties under this Agreement.

(iii) Other Information. Upon the reasonable request of the Issuer, the Indenture Trustee or any Rating Agency, the 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 Servicer, or any material information regarding the Securitized Property to the extent it is reasonably available to the Servicer, as may be reasonably necessary and permitted by law to enable the Issuer, the Indenture Trustee or the Rating Agencies to monitor the performance by the Servicer hereunder.

(iv) Preparation of Reports. The Servicer shall prepare and deliver such additional reports as required under this Agreement, including a copy of each Semi-Annual Servicer's Certificate described in Section 4.01(c)(ii), the Annual Servicing Criteria Compliance Certificate described in Section 3.03, and the Annual Accountant's Attestation Report described in Section 3.04. In addition, the 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 the SEC (and/or any other Governmental Authority) by the Issuer or the Depositor under the federal securities or other applicable laws or in accordance with the Basic Documents.

(c) Opinions of Counsel. The 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 the 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 perfect or maintain, as applicable, such interest or Lien. The costs of each Opinion of Counsel referred to in clause (i) or (ii) above and paid by the Servicer, shall be reimbursable as an Ongoing Financing Cost of the Issuer from amounts available under Section 8.02(e) of the Indenture. The 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 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.

(d) Management Services. The 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:

(A) 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:

(B) 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;

(C) 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;

(D) 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;

(E) 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;

(F) 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;

(G) take such actions on the behalf of the Issuer as are necessary for the issuance and delivery of the Securitized Bonds;

(H) 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;

(I) 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;

(J) 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;

(K) provide office space (the "Premises") for the Issuer and such reasonable ancillary services as are necessary to carry out the obligations of the Servicer hereunder, including telecopying, duplicating and word processing services;

(L) undertake such other administrative services as may be appropriate, necessary or requested by the Issuer; and

(M) provide such other services as are incidental to the foregoing or as the Issuer and the Servicer may reasonably agree.

In providing the services under this Section 3.01(d) and as otherwise provided under this Agreement, the 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 Servicer shall use the same degree of care and diligence that the Servicer exercises with respect to performing such duties for its own account and, if applicable, for others.

SECTION 3.02. Servicing and Maintenance Standards. On behalf of the Issuer, the Servicer shall (a) calculate and adjust the Securitized Charges and 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 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 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 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 Servicer's judgment, may include the taking of legal action. Amounts paid by the 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 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 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. Annual Reports on Compliance.

(a) The Servicer shall deliver to the Issuer, the Indenture Trustee and the Rating Agencies, on or before the earlier of (a) March 31 of each year, beginning March 31, 202[], to and including March 31 of the year next succeeding the Retirement of the Securitized Bonds, a certificate from a Responsible Officer of the Servicer, in the form attached hereto as Exhibit C, (the “Annual Servicing Criteria Compliance Certificate”), containing, and certifying as to, the statements of compliance with the applicable criteria identified in such Exhibit C stating that: (i) a review of the activities of the 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 Responsible Officer’s supervision, and (ii) to the best of such Responsible Officer’s knowledge, after reasonably inquiry, based on such review, the 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 Servicer shall cause a firm of independent certified public accountants (which may provide other services to the Servicer or the Seller) to prepare, and the Servicer shall deliver to the Issuer, the Indenture Trustee and the Rating Agencies on or before March 31 of each year, beginning March 31, 202[], to and including the March 31 succeeding the Retirement of the Securitized Bonds, a report addressed to the Servicer (the “Annual Accountant’s Attestation Report”), which may be included as part of the Servicer’s customary auditing activities, to the effect that such firm has performed certain procedures in connection with the Servicer’s compliance with its obligations under this Agreement during the preceding calendar year (or, in the case of the first Annual Accountant’s Attestation Report, the period of time from the Closing Date until December 31, 2022), identifying the results of such procedures and including any exceptions noted. 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 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 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 Servicer shall be reimbursable as an Ongoing Financing Cost of the Issuer from amounts available under Section 8.02(e) of the Indenture. The 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 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 Servicer shall have confirmed in writing that the Rating Agency Condition shall have been satisfied with respect to such procedures. Until the Retirement of the Securitized Bonds, the Servicer shall, in accordance with the Servicing Standard, take all actions with respect to such Third-Party Collectors required to be taken by the Servicer as set forth, if applicable, in any agreement with the 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 Servicer shall continue to bill and collect the Securitized Charges in accordance with, if applicable, the terms of this Agreement, any agreement with the Servicer, the Financing Order, and the Tariff in effect from time to time. Such procedures and policies shall include the following: Maintenance of Records and Information. In addition to any actions required by the Tariff, or other applicable law, the 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 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 Servicer shall deal with any Third-Party Collectors which are Affiliates of the Servicer on terms which are no more favorable in the aggregate to such affiliated Third-Party Collector than those used by the Servicer in its dealings with any Third-Party Collectors that are not affiliates of the Servicer.

ARTICLE IV

SERVICES RELATED TO TRUE-UP ADJUSTMENTS

SECTION 4.01. Initial Securitized Charge and True-Up Adjustments. The Servicer shall provide the Issuer and the Board of United notice of the initial Securitized Charge in a True-Up Letter delivered not later than two (2) Servicer Business Days prior to the Closing Date. The initial Securitized Charge shall be derived from the information set forth on Schedule 4.01 attached hereto. From time to time, until the Retirement of the Securitized Bonds, the Servicer make each Scheduled True-Up Adjustments and shall identify the need for Interim True-Up Adjustments and shall take all reasonable action to implement such True-Up Adjustments and to enforce the provisions of the Financing Act and the Financing Order, all in accordance with the following:

(a) 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 Servicer shall send a copy of such revised Expected Amortization Schedule to the Issuer, the Indenture Trustee and the Rating Agencies promptly thereafter.

(b) True-Up Adjustments.

- (i) Scheduled True-Up Adjustments. Not later than twenty days prior to each Scheduled Adjustment Date the Servicer shall: (A) update the data and assumptions underlying the calculation of the Securitized Charges, including projected electricity usage during the applicable Calculation Periods used for the True-Up Adjustments, including interest and estimated expenses and fees of the Issuer to be paid during such period, the Days Sales Outstanding and write-offs (for avoidance of doubt, the Calculation Periods that shall be used for calculating the Securitized Charge when Scheduled True-Up Adjustments occur quarterly shall be the then current Calculation Period and the six-month Calculation Period following the then current Calculation Period); (B) determine the Periodic Payment Requirement and Periodic Billing Requirement for such Calculation Periods based on such updated data and assumptions; and (C) determine the Securitized Charge required to be paid during such Calculation Periods based on such Periodic Billing Requirement and the terms of the Financing Order; not later than fifteen (15) days prior to the Scheduled Adjustment Date, the Servicer will file a Notice of such True-Up Adjustment as required by paragraph (c)(i) below. Subject to any mathematical correction as permitted by the Financing Order, the revised Securitized Charges, resulting from such Scheduled True-Up Adjustment shall be effective as of the Scheduled Adjustment Date, and the Servicer shall begin to bill the Securitized Charge to Customers commencing in the first billing cycle following the Adjustment Date in accordance with the Financing Order.
- (ii) Interim True-Up Adjustments. If a Scheduled True-Up Adjustment is not scheduled to occur in the next thirty (30) days and the Servicer forecasts that SC Collections will be insufficient (x) to make all scheduled payments of interest, principal and other amounts in respect of any Tranche of Securitized Bonds during the current and next succeeding semi-annual period or quarterly period, as applicable, and (y) to replenish the Capital Subaccount to the Required Capital Level, the Servicer shall make an Interim True-Up Adjustment. If the Servicer determines that an Interim True-Up Adjustment is required under the immediately preceding sentence, then the Servicer shall: (A) update the data and assumptions underlying the calculation of the Securitized Charges for then current Calculation Period and the next Calculation Period, including projected electricity usage, interest and estimated expenses and fees of the Issuer to be paid during such period, the rate of delinquencies and write-offs; (B) determine the Periodic Payment Requirement and Periodic Billing Requirement for such Calculation Periods based on such updated data and assumptions; and (C) determine the Securitized Charges required to be paid during such Calculation Periods based on such Periodic Billing Requirement and the terms of the Financing Order. The Servicer shall use its best efforts to implement the revised Securitized Charges resulting from such Interim True-Up Adjustment on an Adjustment Date that is no later than fifteen days from the date that the Servicer determines that an Interim True-Up Adjustment is required under the terms of this Agreement. Subject to any mathematical correction as permitted by the Financing Order, the revised Securitization Charges resulting from such Interim True-Up Adjustment shall be effective as of the Adjustment Date, and the Servicer shall begin to bill the Securitized Charge to customers commencing in the first billing cycle following the Scheduled Adjustment Date in accordance with the Financing Order.

(c) Reports.

(i)Notification of True-Up Adjustments. Whenever the Servicer implements revised Securitized Charges, the Servicer shall send a True-Up Letter in the form attached hereto as Exhibit D to the Issuer, the Indenture Trustee and the Board of Directors of United on the date that is not less than fifteen (15) days prior to the Adjustment Date for such Scheduled True-Up Adjustment or, in the case of an Interim True-Up Adjustment, not less than two (2) Servicer Business Days prior to the Adjustment Date.

(ii)Semi-Annual Servicer's Certificate. Not later than five (5) Servicer Business Days prior to each Payment Date or Special Payment Date, the Servicer shall deliver a written report for the Securitized Bonds, substantially in the form of Exhibit B hereto (the "Semi-Annual Servicer's Certificate") to the Issuer, the Indenture Trustee and the Rating Agencies which shall include 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:

(A) the amount of the payment to Holders allocable to principal, if any;

(B) the amount of the payment to Holders allocable to interest;

(C) the aggregate Outstanding Amount of such Securitized Bonds, before and after giving effect to any payments allocated to principal reported under clause (A) above;

(D) the difference, if any, between the amount specified in clause (C) above and the Outstanding Amount specified in the Expected Amortization Schedule;

(E) any other transfers and payments to be made on such Payment Date or Special Payment Date, including amounts paid to the Indenture Trustee and to the Servicer; and

(F) the amounts on deposit in the Capital Subaccount and the Excess Funds Subaccount, after giving effect to the foregoing payments.

(iii)Reports to Customers.

(A) After each revised Securitized Charge has gone into effect pursuant to a True-Up Adjustment, the Servicer shall cause to be prepared and delivered to Customers notices announcing such revised Securitized Charges, if required by the Tariff.

(B) The Servicer shall comply with the requirements of the Financing Order and the Tariff with respect to the identification of Securitized Charges on Bills. In addition, at least once each year, the 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 Servicer may from time to time use to communicate with its respective Customers.

(C) The 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 Servicer expressly agree and acknowledge that:

- (i) In connection with any True-Up Adjustment, the Servicer is acting solely in its capacity as the servicing agent hereunder.
- (ii) Except to the extent that the Servicer is liable under Section 6.02, the Servicer shall have no liability whatsoever relating to the calculation of any revised Securitized Charges, True-Up Adjustments relating and the scheduled adjustments thereto, including as a result of any inaccuracy of any of the assumptions and projections made in such calculation regarding expected energy usage and the Days Sales Outstanding, write-offs and estimated expenses and fees of the Issuer, so long as the Servicer has acted in good faith and has not acted in a grossly negligent manner in connection therewith, nor shall the 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 Servicer of liability for any misrepresentation by the Servicer under Section 6.01 or for any breach by the 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 revocably appoints the Servicer, and the Servicer hereby accepts such appointment, to act as the agent of the Issuer as custodian of any and all documents and records that the Seller shall keep on file, in accordance with its customary procedures, relating to the Securitized Property, including copies of the Financing Order, 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 Servicer as Custodian.

(a) Safekeeping. The 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 and the Indenture Trustee, as applicable, to comply with this Agreement, the Sale Agreement and the Indenture. In performing

its duties as custodian, the Servicer shall act with reasonable care, using that degree of care and diligence that the Servicer exercises with respect to comparable assets that the Servicer services for itself or, if applicable, for others. The Servicer shall promptly report to the Issuer, the Indenture Trustee and the Rating Agencies 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 or the Indenture Trustee of the Securitized Property Records. The 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 Servicer is succeeded by a successor Servicer in accordance with Article VII and (ii) no Securitized Bonds are Outstanding.

(b) Maintenance of and Access to Records. The Servicer shall maintain the Securitized Property Records at the address set forth in Section 8.04(a), or at such other office as shall be specified to the Issuer and the Indenture Trustee by written notice at least thirty (30) days prior to any change in location. The Servicer shall make available for inspection, audit and copying to the Issuer 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 or the Indenture Trustee shall reasonably request and which do not unreasonably interfere with the Servicer's normal operations. Nothing in this Section 5.02(b) shall affect the obligation of the Servicer to observe any applicable law prohibiting disclosure of information regarding the Customers, and the failure of the 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 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 Servicer to observe any applicable law prohibiting disclosure of information regarding the Customers, and the failure of the 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 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 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) shall be reimbursable as an Ongoing Financing Cost of the Issuer from amounts available under Section 8.02(e) of the Indenture. The Servicer's obligations pursuant to this Section 5.02(d) shall survive and continue notwithstanding that payment of such Operating Expense may be delayed pursuant to the terms of the Indenture (it being understood that the Servicer may be required initially to advance its own funds to satisfy its obligations hereunder).

(e) Additional Litigation to Defend Securitized Property. In addition to the above, the Servicer shall, at its own expense, 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 their respective 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 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 United's electric distribution facilities, the Servicer shall assert that the court ordering such condemnation must treat such municipality as a successor to United under the Financing Act and the Financing Order. The costs of any action described in this Section 5.02(e) paid by the Servicer shall be reimbursable as an Ongoing Financing Cost of the Issuer from amounts available under Section 8.02(e) of the Indenture. The 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 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 Servicer as custodian shall indemnify the Issuer, the Independent Manager 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 Servicer, as custodian, of the Securitized Property Records; provided, however, that the 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 Manager 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 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 Servicer shall resign as Servicer in accordance with the provisions of this Agreement or if all of the rights and obligations of the Servicer shall have been terminated under Section 7.01, the appointment of the Servicer as custodian shall be terminated effective as of the date on which the termination or resignation of the Servicer is effective. Additionally, if not sooner terminated as provided above, the Servicer's obligations as Custodian shall terminate one year and one day after the date on which no Securitized Bonds are Outstanding.

ARTICLE VI
THE SERVICER

SECTION 6.01. Representations and Warranties of Servicer. The 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 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 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 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 Servicer under its organizational or governing documents and laws.
- (d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the Servicer enforceable against the 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 Servicer, or any indenture or other agreement or instrument to which the 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 Servicer of any Governmental Authority having jurisdiction over the Servicer or its properties.

(f) No Proceedings. There are no proceedings or investigations pending or, to the Servicer's knowledge, threatened, before any Governmental Authority having jurisdiction over the Servicer or its properties involving or relating to the Servicer or the Issuer or, to the 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 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 Servicer of this Agreement, the performance by the Servicer of the transactions contemplated hereby or the fulfillment by the Servicer of the terms hereof, except those that have been obtained or made, and those that the Servicer may need to file 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 and certificate delivered in connection with the any filing made to the Issuer with respect to the Securitized Charges or True-Up Adjustments will constitute a representation and warranty by the 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 predictions of future events, the representation and warranty of the 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 facts known to the Servicer on the date such report or certificate is delivered).

SECTION 6.02. Indemnities of Servicer; Release of Claims. (a) The Servicer shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by the Servicer under this Agreement.

(b) The Servicer shall indemnify the Issuer, the Indenture Trustee (for itself and for the benefit of the Holders), and the Independent Manager 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 Servicer's willful misconduct, bad faith or 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 Servicer's breach of any of its representations and warranties contained in this Agreement, or (iii) any litigation or related expenses relating to the Servicer's status or obligations as Servicer (other than any proceeding the Servicer is required to institute under the Servicing 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 Servicer's breach.

(c) For purposes of Section 6.02(b), in the event of the termination of the rights and obligations of United (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 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 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 Servicer hereby releases and discharges the Issuer, the Independent Manager, 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 Servicer, in its capacity as Servicer or otherwise, shall or may have against any such Person relating to the Securitized Property or the 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 Servicer under this Section 6.02, notify the Servicer in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Servicer shall relieve the Servicer from the obligation to indemnify and hold harmless such Indemnified Person under this Section 6.02 only to the extent that the 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 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 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 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 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 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 Servicer, (ii) the 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 Servicer shall authorize the Indemnified Person to employ separate counsel at the expense of the 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 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 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 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 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 Servicer substantially as a whole, (2) all or substantially all of the electric distribution business of the Servicer which is required to provide electric service to the Servicer’s customers in the Service Area, or (3) the distribution system business assets of the Servicer 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 Servicer hereunder shall be a successor to the 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 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 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 Servicer shall have delivered to the Issuer, the Indenture Trustee, and the Rating Agencies an Opinion of Counsel from external counsel of the Servicer either (A) stating that, in the opinion of such counsel, all filings to be made by the 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 Servicer shall have delivered to the Issuer, the Indenture Trustee, and the Rating Agencies 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 Servicer shall have given the Rating Agencies prior written notice of such transaction and shall have confirmed that the Rating Agency Condition is satisfied with respect to such transaction.

When any Person (or more than one Person) acquires the properties and assets of the 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 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 Servicer and Others. Except as otherwise provided under this Agreement, neither the Servicer nor any of the directors, officers, employees or agents of the 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 Servicer or any such person against any liability that would otherwise be imposed by reason of willful misconduct, bad faith or negligence in the performance of duties or by reason of reckless disregard of obligations and duties under this Agreement. The Servicer and any director, officer, employee or agent of the 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 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 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 Servicer may, in respect of any Proceeding, undertake any action that it is not specifically identified in this Agreement as a duty of the Servicer but that the 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 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 Servicer's obligations pursuant to this Section 6.04 shall survive and continue notwithstanding that payment of such Operating Expense may be delayed pursuant to the terms of the Indenture (it being understood that the 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. United Not to Resign as Servicer. Subject to the provisions of Section 6.03, United shall not resign from the obligations and duties hereby imposed on it as Servicer under this Agreement unless United delivers to the Indenture Trustee and the Issuer an Opinion of Counsel to the effect that United'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 United 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 Servicer shall receive an annual fee (the "Servicing Fee") in an amount equal to (i) \$[] for so long as United or an Affiliate of United is the Servicer or (ii) if United or any of its Affiliates is not the Servicer, an amount agreed upon by the successor Servicer and the Indenture Trustee, in accordance with the Financing Order. The Servicing Fee owing shall be calculated based on the initial principal amount of the Securitized Bonds and 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 Servicer will be entitled to a pro rata increase in the fee payable in the first period). The Servicer also shall be entitled to retain as additional compensation (i) any interest earnings on SC Collections received by the Servicer and invested by the 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 Servicer has failed to remit the Daily Remittance to the General Subaccount of the Collection Account on the 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 Servicer or delays caused by force majeure) during the period that the Securitized Bonds are outstanding, then thereafter the Servicer will be required to pay to the Indenture Trustee interest on each Daily Remittance accrued at the Federal Funds Rate from the 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 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 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 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 Servicer shall be required to pay from its own account expenses incurred by the Servicer in connection with its activities hereunder out of the compensation 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 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 Servicer covenants and agrees, in servicing the Securitized Property, to comply in all material respects with all laws applicable to, and binding upon, the 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 Servicer for noncompliance with any Requirement of Law that the 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 Servicer shall provide to the Indenture Trustee access to the Securitized Property Records 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 Servicer. Nothing in this Section 6.08 shall affect the obligation of the Servicer to observe any applicable law prohibiting disclosure of information regarding the Customers, and the failure of the 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 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 United, the Rating Agency Condition shall have been satisfied in connection therewith; provided further that the 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 Servicer alone were servicing and administering the Securitized Property. The fees and expenses of any such Person shall be as agreed between the 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 Servicer Advances. The Servicer shall not make any advances of interest or principal on the Securitized Bonds.

SECTION 6.11. Remittances. (a) Commencing on or about the Closing Date, on each Servicer Business Day, the Servicer shall remit for deposit into the General Subaccount of the Collection Account the total SC Collections estimated to have been received by the 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 Servicer shall provide written notice to the Indenture Trustee of each such remittance (including the exact dollar amount to be remitted). The 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 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 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 Servicer further agrees not to make any claim to reduce its obligation to remit all SC Collections 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 June 30, 20__, the 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 Servicer shall allocate such Remittance Shortfall or Excess Remittance as follows: (A) if a Remittance Shortfall exists, the 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 Servicer shall be entitled either (i) to reduce the amount of each Daily Remittance which the 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 Servicer. If there is a Remittance Shortfall, the amount which the 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 Servicer's own funds. The Servicer acknowledges and agrees that the Issuer is the owner of and has the legal right to all SC Collections received by the 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 Servicer. The Servicer agrees that in the event of any Servicer Default hereunder, the 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 Servicer and estimated SC Collections remitted by the Servicer. The Servicer may calculate the Excess Remittance or Remittance Shortfall more often than semi-annually in its discretion if the Servicer believes such reconciliations are appropriate. The results of any such reconciliation shall be reported in the next issued Monthly Servicer's Certificate.

(d) Unless otherwise directed to do so by the Issuer, the 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.

SECTION 6.12. Maintenance of Operations. Subject to Section 6.03, United agrees to continue, unless prevented by circumstances beyond its control, to operate its electric distribution system to provide service so long as it is acting as the Servicer under this Agreement.

ARTICLE VII

DEFAULT

SECTION 7.01. Servicer Default. If any one or more of the following events (a “Servicer Default”) shall occur and be continuing:

- (a) any failure by the Servicer to remit to the Collection Account on behalf of the Issuer any required remittance that shall continue unremedied for a period of five (5) Business Days after written notice of such failure is received by the Servicer from the Issuer or the Indenture Trustee or after discovery of such failure by an officer of the Servicer; or
- (b) any failure on the part of the Servicer or, so long as the Servicer is United or an affiliate thereof, any failure on the part of United, as the case may be, duly to observe or to perform in any material respect any covenants or agreements of the Servicer or United, 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 Servicer or United, as the case may be, by the Issuer (with a copy to the Indenture Trustee) or to the Servicer or United, as the case may be, by the Indenture Trustee or (B) such failure is discovered by an officer of the Servicer; or
- (c) any failure by the Servicer duly to perform its obligations under Section 4.01(b) of this Agreement in the time and manner set forth therein, which failure continues unremedied for a period of five (5) days; or
- (d) any representation or warranty made by the 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 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 Servicer; or
- (e) an Insolvency Event occurs with respect to the Servicer or United;

then, and in each and every case, so long as the Servicer Default shall not have been remedied, either the Indenture Trustee shall upon the instruction of the Holders evidencing not less than a majority of the Outstanding Amount of the Securitized Bonds, by notice then given in writing to the 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 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 [Johnson 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 Servicer of a Termination Notice, all authority and power of the 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 Servicer of such Termination Notice, the 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 United as Servicer shall not terminate United's rights or obligations under the Sale Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

SECTION 7.02. Appointment of Successor.

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.01 or the 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 Servicer hereunder as described below. In the event of the 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 Agencies. 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 or 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 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 Servicer of the Securitized Property sold by the Seller under

the 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. Promptly after the execution of any such waiver, the Servicer shall furnish copies of such waiver to the Rating Agency.

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 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.

SECTION 7.04. Notice of Servicer Default. The Servicer shall deliver to the Issuer, the Indenture Trustee, and the Rating Agencies, 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 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 Servicer and the Issuer with 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 Agencies. 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 Agencies.

In addition, this Agreement may be amended in writing by the Servicer and the Issuer with ten Business Days' prior written notice given to the Rating Agencies and the prior

written consent of the Indenture Trustee (which consent shall be given in reliance on an Opinion of Counsel of United and an Officer's Certificate from a Responsible Officer of United 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 prospectus or offering memorandum related to the 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 Agencies.

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 United stating that such amendment is authorized or permitted by this Agreement and that all conditions precedent have been satisfied and upon the Opinion of Counsel from such 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 their own 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 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 Agencies, but without the consent of the Indenture Trustee, any Rating Agency or any Holder, solely to address changes to the Servicer's method of calculating SC Collections as a result of changes to the 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. Reserved.

SECTION 8.03. Maintenance of Accounts and Records. (a) The 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 Collections received by the Servicer and SC Collections from time to time deposited in the Collection Account.

(b) The Servicer shall permit the Indenture Trustee and its agents at any time during normal business hours, upon reasonable notice to the Servicer and to the extent it does not unreasonably interfere with the Servicer's normal operations, to inspect, audit and make copies of and abstracts from the Servicer's records regarding the Securitized Property and the Securitized Charges. Nothing in this Section 8.03(b) shall affect the obligation of the Servicer to observe any applicable law prohibiting disclosure of information regarding the Customers, and the failure of the Servicer

to provide access to such information as a result of such obligation shall not constitute a breach of this Section 8.03(b).

SECTION 8.04. Notices. Unless otherwise specifically provided herein, all demands, notices and communications upon or to the Servicer, the Issuer, the Indenture Trustee or the Rating Agencies 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 Servicer, to United Electric Cooperative Services, Inc. [_____];
- (b) in the case of the Issuer, to United Electric Securitization LLC at [_____];
- (c) in the case of the Indenture Trustee, to the Corporate Trust Office;
- (d) in the case of Moody's, 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: ServicerReports@moody's.com (all such notices to be delivered to Moody's in writing by email);
- (e) in the case of Kroll, to [_____]; or
- (f) as to each of the foregoing, at such other address as shall be designated by written notice to 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 Servicer, this Agreement may not be assigned by the Servicer.

SECTION 8.06. Limitations on Rights of Others. The provisions of this Agreement are solely for the benefit of the Servicer 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 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 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.

SECTION 8.14. Rule 17g-5 Compliance. The Servicer agrees that any notice, report, request for satisfaction of the Rating Agency Condition, document or other information provided by the Servicer to any 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 any Rating Agency, or satisfy the Rating Agency Condition, shall be substantially concurrently posted by the 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.

UNITED ELECTRIC SECURITIZATION LLC,
as Issuer

By: _____
Name:
Title:

UNITED ELECTRIC COOPERATIVE
SERVICES, INC. as Servicer

By: _____
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

[_____] ,
as Indenture Trustee

By: _____
Name:
Title:

EXHIBIT A

FORM OF MONTHLY SERVICER'S CERTIFICATE

See Attached.

Remittance Dates:

Monthly Servicer's Certificate

(to be delivered each month pursuant to Section 3.01(b) of the Securitized Property Servicing Agreement)

UNITED ELECTRIC SECURITIZATION LLC

United Electric Cooperative Services, Inc. as Servicer

Pursuant to the Securitized Property Servicing Agreement dated as of [____], 2022 (the "Securitized Property Servicing Agreement") between United Electric Cooperative Services, Inc. as Servicer, and United Electric Securitization LLC, as Issuer, the 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
January				
February				
March				
April				
May				
June				
July				
August				
September				
October				
November				
December				
Total				

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.

EXHIBIT A

In WITNESS HEREOF, the undersigned has duly executed and delivered this Monthly Servicer's Certificate the day of

UNITED ELECTRIC COOPERATIVE SERVICES, INC. as Servicer

By _____
Title: _____

EXHIBIT B

FORM OF SEMI-ANNUAL SERVICER'S CERTIFICATE

Pursuant to Section 4.01(c)(ii) of the Securitized Property Servicing Agreement, dated as of [____], 2022 (the "Servicing Agreement"), between UNITED ELECTRIC COOPERATIVE SERVICES, INC. as servicer and UNITED ELECTRIC SECURITIZATION LLC, as Issuer, the 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 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 and to the Servicer:

a) Operating Expenses

- i. Trustee Fees and Expenses: (subject to \$_____ cap on Indemnity Amounts per Section 8.02(e)(1))
- ii. Servicing Fee:
- iii. Other Operating Expenses:
- iv. Total:

b) Other Payments

- i. Operating Expenses (payable pursuant to Section 8.02(e)(4)):
- ii. Funding of Capital Subaccount (to required amount):
- iii. Interest Earnings on Capital Subaccount
- iv. Operating Expenses and Indemnity Amounts over \$_____ (payable pursuant to Section 8.02(e)(8)):
- 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:

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this
Servicer's Certificate this __ day of _____.

UNITED ELECTRIC COOPERATIVE
SERVICES, INC.
as Servicer

By: _____
Name:
Title:

EXHIBIT C

FORM OF SERVICER'S ANNUAL SERVICING CRITERIA COMPLIANCE CERTIFICATE

The undersigned hereby certifies that he/she is the duly elected and acting [] of United Electric Cooperative Services, Inc., as servicer (the “Servicer”) under the Securitized Property Servicing Agreement dated as of [], 2022 (the “Servicing Agreement”) between the Servicer and UNITED ELECTRIC SECURITIZATION LLC (the “Issuer”) and further that:

1. The undersigned is responsible for assessing the 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”):

Servicing Criteria
General Servicing Considerations
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.
True-Up Adjustments are made on a timely basis in accordance with the Servicing Agreement and are mathematically accurate.
Remittance, Reporting and Reconciliation of Securitized Charge Collections
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

Servicing Criteria
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 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.
Investor Remittances and Reporting
Reports to the Issuer and the Indenture Trustee 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 Servicer.
Securitized Charge Customer Account Administration
Securitized Property held by the Servicer is maintained as required by the transaction agreements or related documents.
Payments on Securitized Charges, including any payoffs, made in accordance with the Servicing Agreement, are posted to the Servicer's obligor records maintained no more than two business days after receipt, or such other number of days specified in the Servicing Agreement.
Changes with respect to the terms or status of Securitized Charges payable by any customer(e.g., payment modifications or re-aging) are made, reviewed and approved by authorized personnel in accordance with the Servicing Agreement.
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, United's applicable rules and protocols and applicable law.
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 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).

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 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:].¹

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]

United Electric Cooperative Services, Inc., as Servicer

By: _____
Name:
Title:

¹ If the Servicer is not in compliance in all material respects with the Servicing Criteria, include description of any material instance of noncompliance.

EXHIBIT D

FORM OF SECURITIZED CHARGE TRUE-UP LETTER

[ISSUER
ADDRESS]

[UNITED BOARD ADDRESS]

[INDENTURE TRUSTEE ADDRESS]

[DATE]

Ladies and Gentlemen:

This True-Up Letter is being delivered to you pursuant to the Securitized Property Servicing Agreement dated as of [____], 2022 (the “Servicing Agreement”), by and between United Electric Cooperative Services, Inc., as Servicer (the “Servicer”), and United Electric Securitization LLC (the “Issuer”).

The Servicer does hereby provide notice of an adjustment to the Securitized Charge, to take effect on the True-Up Adjustment Date specified below. The new Securitized Charge was calculated as shown on the table attached hereto.

True-Up Adjustment Date: [____]

Securitized Charge: \$[____] per kWh

Respectfully,

UNITED ELECTRIC COOPERATIVE SERVICES, INC.,
as Servicer

By: _____
Name:
Title:

[To be inserted based on final form of Tarif and Adjustment Mechanism]

SCHEDULE 4.01

Initial Securitized Charge

SCHEDULE 4.01(a)
EXPECTED AMORTIZATION SCHEDULE

See Attached.

ANNEX I

SERVICING PROCEDURES

The 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 Servicer, whether billed directly to Customers by the Servicer.

“Days Sales Outstanding” means the average number of days United’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 United, or any agreement with United, is obligated to bill, pay or collect Securitized Charges.

“Servicer Policies and Practices” means, with respect to the Servicer’s duties under this Annex I, the policies and practices of the Servicer applicable to such duties that the 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. The Servicer shall cause to be installed, replaced and maintained meters in such places and in such condition as will enable the Servicer to obtain usage measurements for each Customer at least once every Billing Period.

(b) Meter Reading. At least once each Billing Period, the Servicer shall obtain usage measurements for each Customer, either directly or if applicable, from the Applicable MDMA; provided, however, that the 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 Servicer or any REP as a result of new metering and/or billing technologies.

(d) ERCOT. When and if the Service Area becomes subject to retail competition, the 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 Servicer to fulfill its obligations under this Agreement.

SECTION 3. USAGE AND BILL CALCULATION.

The 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 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 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 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 Servicer's own charges to such Customers. In the event that the Servicer makes any material modification to these practices, it shall notify the Issuer, the Indenture Trustee, and the Rating Agencies prior to the effectiveness of any such modification; provided, however, that the Servicer may not make any modification that will materially adversely affect the Holders.

(b) Format.

- (i) Each Bill issued by the 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 Servicer shall provide Customers with the annual notice required by Section 4.01(c)(iii)(B) of this Agreement.
- (ii) The 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 Servicer shall, subject to clauses (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 Servicer shall deliver all Bills issued by it (i) by United States mail in such class or classes as are consistent with the Servicer Policies and Practices followed by the Servicer with respect to its own charges to its customers or (ii) by any other means, whether electronic or otherwise, that the Servicer may from time to time use to present its own charges to its customers. The Servicer or 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 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; REMITTANCE.

(a) Collection Efforts, Policies, Procedures.

(i) The 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 Servicer shall prepare and deliver overdue notices to Customers in accordance with Servicer Policies and Practices.

(B) The Servicer shall apply late payment charges to outstanding Customer balances as required by the Financing Order.

(C) In circumstances where the Servicer is allowed to bill Customers directly, the Servicer shall deliver verbal and written final notices of delinquency and possible disconnection in accordance with Servicer Policies and Practices.

(D) The Servicer shall adhere to and carry out disconnection policies in accordance with the Utilities Code, the Financing Order, and the Servicer Policies and Practices.

(E) The Servicer may employ the assistance of collection agents to collect any past-due Securitized Charges in accordance with applicable Servicer Policies and Practices and the Tariff.

(F) The Servicer shall apply Customer deposits to the payment of delinquent accounts in accordance with applicable 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 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 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 Servicer is authorized to write off any Billed SCs, in accordance with its Servicer Policies and Practices, that have remained outstanding for one hundred eighty (180) days or more.

(iii) The 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 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 Servicer that represent partial payments of the total Bill to a Customer shall be applied by the Servicer *pro rata* based upon the amount of the Securitized Charges compared to all electric charges on the Bill.

(iii) When and if the Service Area becomes subject to retail competition, the 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 Servicer shall hold all over-payments for the benefit of the Issuer and United 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 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 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 Servicer's funds may be properly identified and traced.

(d) Investment of SC Collections Received.

Prior to each Daily Remittance, the Servicer may invest SC Collections received at its own risk and for its own benefit. So long as the 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 Servicer.

(e) Calculation of Daily Remittance.

(i) For purposes of calculating the Daily Remittance, (i) all 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 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 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 as a percentage of the Bill sent to each Customer.

- (ii) Pursuant to Section 6.11(c) of the Agreement, commencing no later than June 30 of each year, the Servicer shall report semi-annually in the next succeeding Monthly 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 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 Servicer and the Issuer acknowledge that, as contemplated in Section 8.01(b) of the Agreement, the Servicer may make certain changes to its current computerized customer information system, which changes, when functional, would affect the Servicer's method of calculating the SC Collections estimated to have been received by the 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 Servicer and the Issuer agree that they shall review the procedures used to calculate the SC Collections 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 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 Servicer shall notify the Issuer, the Indenture Trustee and the Rating Agencies 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 Collections pursuant to this Section 6(e) shall be made in good faith, and in the case of any update pursuant to clause (ii) above or any change in procedures pursuant to clause (iii) 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 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 Servicer and the Rating Agencies not later than five (5) Business Days from the effective date of such change.

ANNEX II

DEFINITIONS

[TO BE INSERTED]

EXHIBIT H

RESERVED

EXHIBIT I
FORM OF SALE AGREEMENT

SECURITIZED PROPERTY PURCHASE AND SALE AGREEMENT

by and between

[UNITED ELECTRIC SECURITIZATION LLC],

Issuer

and

UNITED ELECTRIC COOPERATIVE SERVICES, INC.,

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 [United Electric Securitization LLC], a Delaware limited liability company (the “Issuer”), and United Electric Cooperative Services, Inc., a Texas electric cooperative (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 under the Financing Order 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.

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, and (iii) 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:

(a) 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;

(b) on or prior to the Closing Date, the Seller shall have issued and adopted the Financing Order creating the Securitized Property;

(c) 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;

(d) 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;

(e) 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;

(f) on or prior to the Closing Date, the Seller shall have 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;

(g) Reserved.

(h) the Seller shall have delivered to the Rating Agency and the Issuer any Opinions of Counsel required by the Rating Agency;

(i) the Seller 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 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 Seller 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 and the Seller;

(j) on and as of the Closing Date, each of the LLC Agreement, the Servicing Agreement, the Servicing Agreement, this Agreement, the Indenture, the Financing Order, the Tariff and the Financing Act shall be in full force and effect;

(k) the Securitized Bonds shall have received a rating or ratings required by the Bond Purchase Agreement; and

(l) 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 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 the 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 the 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 creating the Securitized Property; 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 in calculating the 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 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 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, 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 Offering Memorandum 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 Seller 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) 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 or securitized bonds, adopted under the Financing Act or any similar law authorizing a similar transaction by the Seller, 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 file 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 executed and 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 deliver or cause to be delivered to the Issuer and the Indenture Trustee file-stamped copies of, or filing receipts for, any document filed as provided above, as soon as available following such filing. The Seller shall 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, and the Seller agrees to take 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 will be payable by the Seller.

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 transaction involving the transfer and ownership of securitized property (as defined in the Financing Act)

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 to Rating Agency, Etc. 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 representations, warranties or covenants 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 Servicer in order to enable compliance with Section 8.14 of the 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 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) the Securitized Bonds to be treated as other than debt of the Seller, and (c) the Securitized Bonds to be treated as transferred in a taxable exchange;

(v) the 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 the 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 Tranche 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 Servicer 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 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 Servicer, 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 (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.

[UNITED SECURITIZATION LLC], as Issuer

By: UNITED ELECTRIC COOPERATIVE
SERVICES, INC., its Manager

By: _____
Name:
Title:

UNITED ELECTRIC COOPERATIVE
SERVICES, INC, 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 UNITED ELECTRIC COOPERATIVE SERVICES, INC. (the “Seller”) and [United Electric 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.

[United Electric Securitization LLC], as Issuer

By: UNITED ELECTRIC COOPERATIVE
SERVICES, INC., its Manager

By: _____
Name:
Title:

UNITED ELECTRIC COOPERATIVE
SERVICES, INC., 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 Seller pursuant to the Financing Act.

EXHIBIT J
FORM OF INDENTURE

UNITED ELECTRIC SECURITIZATION LLC,

Issuer,

and

[_____],

Indenture Trustee and Securities Intermediary

INDENTURE

Dated as of [_____] , 2022

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APPENDIX

APPENDIX A	Definitions
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This INDENTURE dated as of [____], 2022, by and between UNITED ELECTRIC 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. 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 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, together with the other Opinions of Counsel set forth in the Bond Purchase Agreement relating to the Issuer's Securitized Bonds.

(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 the 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 Agreement and the 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;

(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 Agreement, the Servicing Agreement and this Indenture have been filed as required; and

(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 the 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 the Seller and the Issuer:

(i) the Seller was the original and the sole owner of the 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 Required Capital Level 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 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 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 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 minimum denominations (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. 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 United 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 United 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 by the Seller as approved by the Board of the Seller in a “securitization transaction.” Securitized Property consists of the rights and interests of the Seller in the Financing Order, including the right of the 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 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 Servicer 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 Servicer 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 Servicer 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.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:

- 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 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 [____], 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 or the 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 Agreement, the 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 Servicer 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 Agreement and the 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 the 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 the Servicer to perform any of its respective duties or obligations under the 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 the Servicer and the Rating Agency of the Servicer's rights and powers pursuant to Section 7.01 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 Servicer (the "Successor Servicer"), and such Successor 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 Servicer only if such Person satisfies the requirements of the Servicing Agreement. If within thirty (30) days after the delivery of the notice referred to above, a new Servicer shall not have been appointed, the Indenture Trustee may petition a court of competent jurisdiction to appoint a Successor Servicer. In connection with any appointment, [Issuer]¹ may make such arrangements for the compensation of such Successor Servicer as it and such successor shall agree, subject to the limitations set forth in Section 8.02 of this Indenture and in the Servicing Agreement.

¹ Under review

(ii) As promptly as possible after the giving of notice of termination to the Servicer and the Rating Agency of the Servicer's rights and powers pursuant to Section 7.01 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 Servicer (the "Successor Servicer"), and such Successor 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 Servicer only if such Person satisfies the requirements of the Servicing Agreement. If within thirty (30) days after the delivery of the notice referred to above, a new Servicer shall not have been appointed, the Indenture Trustee may petition a court of competent jurisdiction to appoint a Successor Servicer. In connection with any such appointment, the [Issuer]² may make such arrangements for the compensation of such Successor Servicer as it and such successor shall agree, subject to the limitations set forth in Section 8.02 of this Indenture and in the Servicing Agreement.

(f) Upon any termination of the Servicer's rights and powers pursuant to the Servicing Agreement, the Indenture Trustee shall promptly notify the Issuer, the Holders and the Rating Agency. As soon as a Successor 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 Servicer.

(g) The Issuer shall (or shall cause the 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 the Servicing Agreement;

² Under review

(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 Servicer, if any, assigned by any NRSRO, 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 Seller or the Servicer 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 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 Agreement, the 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 Servicer, 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 the Servicer 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 disposition will not result in a material adverse federal or Texas state tax consequence to the Issuer, the 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 with 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 Agreement or the Servicing Agreement, assume all obligations and succeed to all rights of the Issuer under such Sale Agreement and the 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 Servicer, 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 the Servicer and the Indenture Trustee, and which may be based on a ruling from the Internal Revenue Service) to the effect that, that the consolidation or merger will not result in a material adverse federal or Texas state tax consequence to the Issuer, the Servicer, 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 the Servicer's compliance with and performance of all of the Servicer's material obligations under the Servicing Agreement and the Issuer shall enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Servicing Agreement.

SECTION 3.15. Guarantees, Loans, Advances and Other Liabilities. Except as otherwise contemplated by each of the Sale Agreement, the Servicing Agreement 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 Securitized Property from the Seller 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 Seller or the Servicer of its obligations under the Sale Agreement, or the Servicing Agreement, 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 Agreement and Servicing Agreement Covenants.

(a) The Issuer agrees to take all such lawful actions to enforce its rights under the Sale Agreement and the Servicing Agreement to compel or secure the performance and observance by the Seller and the Servicer of each of their respective obligations to the Issuer under or in connection with the Sale Agreement and the 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 Agreement and the 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 Seller and the Servicer, as the case may be, under or in connection with the Sale Agreement and the Servicing Agreement, including the right or power to take any action to compel or secure performance or observance by any of 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 and the 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 Agreement and the Servicing Agreement 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 Agreement and the Servicing Agreement 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 Seller, the 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 Agreement or the Servicing Agreement, or waive timely performance or observance by the Seller or the Servicer under the Sale Agreement or the Servicing Agreement, 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 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 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 the Seller under the Sale Agreement, occurrence of a Servicer Default under the 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 Seller or the Servicer of their obligations under and in accordance with the Sale Agreement or the 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 the Seller or the Servicer, respectively, thereunder and the institution of legal or administrative actions or Proceedings to compel or secure performance of their obligations under the Sale Agreement and the Servicing Agreement, as applicable.

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 Servicer shall have certified that all required contributions to the Capital Subaccount shall have been paid in full; 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 the Seller (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 the Seller (or any of its Affiliates, other than the Issuer, that deposited the moneys or U.S. Government Obligations); and (ii) in the event the Seller (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 the Seller (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 the Seller 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 Servicing Agreement 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 Seller or the Servicer or under or in connection with, and pursuant to the terms of, the Sale 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.

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 Agreement or the 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 Servicer, or the Seller 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 Servicer's obligations under the Basic Documents.

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) of 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 Seller, the 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 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 Holder of the Securitized Bonds on such Payment Date or Special Payment Date a statement as provided and prepared by the 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 and to the 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 Agreement and the Annual Accountant's Report delivered to it pursuant to Section 3.04 of the Servicing Agreement to the Rating Agency, the Indenture Trustee and to the 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 Securitized 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 Seller to comply with its reporting obligations under the Exchange Act 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 Servicer 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 the 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 the 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. 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 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, other than cash, 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 the 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 Servicer shall be made by the Indenture Trustee in accordance with the written instructions provided by the Servicer in the Semi-Annual Servicer’s Certificate required to be delivered pursuant to Section 6.11(a) the Servicing Agreement.

(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,

(ii) the Servicing Fee for such Payment Date and all unpaid Servicing Fees for prior Payment Dates shall be paid to the Servicer;

(iii) the Independent Manager fee for such Payment Date shall be paid to the Independent Manager;

(iv) all other ordinary and periodic Operating Expenses for such Payment Date not described above shall be paid to the parties to which such Operating Expenses 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 Operating Expenses, 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 reimbursements to Customers, as determined by the 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.

(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 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 Servicer may, pursuant to the 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 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 Servicer. Without limiting the foregoing, the 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 Agreement 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, or impair the right to institute suit for the enforcement of the provisions of this Indenture requiring the application of funds available therefor, as provided in Article V, to the payment of any such amount due on the Securitized Bonds on or after the respective due dates thereof;

(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 Seller, 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 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: United Electric Securitization LLC c/o United Electric Cooperative Services, 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, and

(iii) the Servicer by the Issuer or the Indenture Trustee shall be sufficient for every purpose hereunder if in writing and mailed, first-class, postage prepaid, to the 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 (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 and the 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 or the Servicer may provide information to the Rating Agency on the Issuer's behalf without the prior written consent of the Servicer. To the extent that any of the Issuer, the Indenture Trustee, the the 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 Servicing Agreement, the Issuer or the 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 Servicer with giving such information to the Rating Agency. To the extent any of the Issuer, the Indenture Trustee or the Servicer 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 and the Servicer 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 United) 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 United) 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 Servicing Agreement 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, 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]

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.

UNITED ELECTRIC SECURITIZATION LLC,
as Issuer

By: UNITED ELECTRIC COOPERATIVE
SERVICES, INC., its Manager³

By: _____
Name:
Title:

[_____] , a national banking association, as
Indenture Trustee and as Securities Intermediary

By: _____
Name:
Title:

³ NTD: should be officer of Issuer

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 UNITED
ELECTRIC SECURITIZATION LLC, and that by his signature on the instrument UNITED
ELECTRIC 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 DEPOSITORY 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 SECURITIZED 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.

UNITED ELECTRIC SECURITIZATION LLC SECURITIZED BONDS,

Tranche [-].

INTEREST RATE	ORIGINAL PRINCIPAL AMOUNT	FINAL MATURITY DATE
_____	_____	_____

UNITED ELECTRIC 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 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:

UNITED ELECTRIC SECURITIZATION
LLC

By: UNITED ELECTRIC COOPERATIVE
SERVICES, 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* 4

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

* 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 United Electric Cooperative Services, Inc. pursuant to the Financing Act. Securitized Property consists of the rights and interests of the Seller 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 the United Electric Cooperative Services, 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 the Seller 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 or United in their respective individual capacities, (ii) any direct or indirect owner of a membership interest in the Issuer (including United) or (iii) any shareholder, partner, owner, beneficiary, agent, officer or employee of the Indenture Trustee, the Manager or United or any owner of a membership interest in the Issuer (including United) 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 United 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 United 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 undersigned⁵ 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: [_____, ____]

⁵ 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 UNITED ELECTRIC 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 United Electric 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 Seller to the Issuer pursuant to the Sale Agreement (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 Agreement and the Bill of Sale executed in connection therewith and all property and interests in property transferred under the Sale Agreement and the Bill of Sale with respect to such Securitized Property and the Securitized Bonds, (d) the 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 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 United) 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 United) 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 and United 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.

UNITED ELECTRIC SECURITIZATION
LLC, as Issuer

By: UNITED ELECTRIC COOPERATIVE
SERVICES, 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	\$	\$	\$
_____, 200_			
_____, 200_			
_____, 200_			
_____, 200_			

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: United Electric 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 United Electric 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 and the 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: United Electric 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 United Electric 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 Securitized 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 and the 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: United Electric 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 United Electric 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 and the Servicer.

[INSERT NAME OF TRANSFEROR]

By: _____
Name:
Title:

APPENDIX A

DEFINITIONS

This is Appendix A to the Indenture.

A. Defined Terms. As used in the Indenture, the Sale Agreement, the LLC Agreement, the Servicing Agreement, 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, with respect to Billed SCs in any Reconciliation Period, the amount of such Billed SCs as adjusted for actual system Write-Off percentages experienced in the Reconciliation Period.

“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.

“Annual Accountant’s Attestation Report” has the meaning set forth in Section 3.04 of the 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 Agreement, the Bill of Sale, the Certificate of Formation, the LLC Agreement, the 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 the Sale Agreement.

“Billed SCs” is defined in Annex I to the Servicing Agreement.

“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 the Servicer on its own behalf and in its capacity as the Servicer.

“Bond Purchase Agreement” means the Bond Purchase Agreement, dated [____], 2022, by and among the Seller, 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”.

“United” or means United Electric Cooperative Services, 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 the Seller 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 the 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 the Servicer in the Service Area and all other existing and future retail customers who are obligated to pay Securitized Charges pursuant to the Financing Order or any Tariff.

“Daily Remittance” is defined in Section 6.11(a) of the Servicing Agreement.

“Days Sales Outstanding” is defined in Annex I to the Servicing Agreement.

“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, 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 the Rating Agency 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 the Seller or any Affiliate of the Seller), 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 the Servicer, directly, from or on behalf of the Customers, calculated in accordance with Annex I of the Servicing Agreement.

“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 all Estimated SC Collections remitted to the Collection Account during such Reconciliation Period exceed Actual SC Collections received by the 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 Servicer 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 [____], 2022 by United 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 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 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 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 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.

“Issuer” means United Electric 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 United Electric 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 the Sale Agreement.

“Losses” is defined in Section 5.03 of the Servicing Agreement.

“Manager” means each manager of the Issuer under the LLC Agreement.

“Servicer” means United, as Servicer under the Servicing Agreement, or any successor Servicer to the extent permitted under the Servicing Agreement.

“Servicer Default” is defined in Section 7.01 of the Servicing Agreement.

“Servicing Agreement” means the Securitized Property Servicing Agreement, dated as of [____], 2022, by and between United, as Servicer, and the Issuer, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Servicing Fee” means the fee payable to the 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 Servicing Agreement.

“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 Servicer’s Certificate” means a certificate, substantially in the form of Exhibit A to the Servicing Agreement, completed and executed by a Responsible Officer of the Servicer pursuant to Section 3.01(b)(i) of the Servicing Agreement.

“Moody’s” means Moody’s Investors Service, Inc. or any successor thereto.

“Net Periodic Payment Requirement” is defined in the Financing Order.

“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.

“Operating Expenses” means all unreimbursed fees, costs and expenses of the Issuer or the Servicer, acting on the Issuer’s behalf, and other Ongoing Financing Costs (as defined in the Financing Order), including all amounts owed by the Issuer to the Indenture Trustee, any Manager, the Servicing Fee, legal and accounting fees, Rating Agency fees, costs and expenses of the Issuer, the Investor LLC, any franchise taxes owed on investment income in the Collection Account, and shall include, without limitation, all costs, expenses and amounts expressly designated as Operating Expenses under the terms of any other Basic Document.

“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 Servicer 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 Seller, the 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 Seller, the 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.

“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.

“Periodic Billing Requirement” or “PBR” means the product of (i) the Net Periodic Payment Requirement for the 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 the Service Area

for the applicable Calculation Period (line (e) or line (f), as applicable, in the most recent Servicer's estimate performed in accordance with the Servicing Agreement).

"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 Servicer in accordance with Section 4.01 of the 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 the Sale Agreement.

"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 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 the Servicing Agreement.

“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 Servicer within a prescribed number of days of billing by the 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 the Servicer during such Reconciliation Period exceed all Estimated SC Collections remitted to the Collection Account 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 Seller.

“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 the Securitized Property Purchase and Sale Agreement, dated as of [____], 2022, by and between the Seller and the Issuer, as may be amended, restated, supplemented or otherwise modified from time to time.

“SC Collections” means Securitized Charges received by the Servicer 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 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 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 the 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 Agreement, including the right to impose, collect and receive the Securitized Charges authorized in the Financing Order.

“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 Agreement.

“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 the Sale Agreement.

“Semi-Annual Servicer’s Certificate” means a certificate, substantially in the form of Exhibit C to the Servicing Agreement, completed and executed by a Responsible Officer of the Servicer pursuant to Section 4.04(b) of the 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 the Seller 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 Servicer maintains normal office hours and conducts business.

“Servicer Default” is defined in Section 7.01 of the Servicing Agreement.

“Servicing Agreement” means each Securitized Property Servicing Agreement, dated as of [____], 2022, by and between the Issuer and the Servicer, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Servicing Fee” means all the fees payable to the 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 the Servicing Agreement.

“Servicing Standard” means the obligation of the Servicer to calculate and reconcile, and the obligations of the 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 Servicer applies with respect to payments owed to it for its own account, (ii) in accordance with all applicable procedures and requirements established by the Seller for collection of electric utility tariffs and (iii) in accordance with the other terms of the Servicing Agreement.

“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 (15th) 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 Servicer” is defined in Section 3.07(e) of the Indenture.

“Successor Servicer” is defined in Section 3.07(e) of the Indenture.

“Tariff” means any rate tariff adopted by the Seller 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 each REP, which, pursuant to any Tariff, any other tariffs adopted by the Seller, or any agreement with the Issuer or the Seller, is obligated to bill, pay or collect electric charges for the Seller.

“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 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.

“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.

B. Other Terms. All accounting terms not specifically defined herein shall be construed in accordance with United States generally accepted accounting principles. To the extent that the definitions of accounting terms in any Basic Document are inconsistent with the meanings of such terms under generally accepted accounting principles or regulatory accounting principles, the definitions contained in such Basic Document shall control. As used in the Basic Documents, the term “including” means “including without limitation,” and other forms of the verb “to include” have correlative meanings. All references to any Person shall include such Person’s permitted successors.

C. Computation of Time Periods. Unless otherwise stated in any of the Basic Documents, as the case may be, in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each means “to but excluding”.

D. Reference; Captions. The words “hereof”, “herein” and “hereunder” and words of similar import when used in any Basic Document shall refer to such Basic Document as a whole and not to any particular provision of such Basic Document; and references to “Section”, “subsection”, “Schedule” and “Exhibit” in any Basic Document are references to Sections, subsections, Schedules and Exhibits in or to such Basic Document unless otherwise specified in such Basic Document. The various captions (including the tables of contents) in each Basic Document are provided solely for convenience of reference and shall not affect the meaning or interpretation of any Basic Document.

E. The definitions contained in this Appendix A are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter forms of such terms.

EXHIBIT K
FORM OF BOND PURCHASE AGREEMENT

UNITED ELECTRIC SECURITIZATION LLC

\$[_____]]
 [SENIOR SECURED COST RECOVERY BONDS, SERIES 2022]¹

BOND PURCHASE AGREEMENT

[_____] , 2022

Jefferies LLC
 520 Madison Avenue
 New York, New York 10022

Ladies and Gentlemen:

Section 1. Introductory. United Electric Securitization LLC, a Delaware limited liability company (the “**Issuer**”), proposes, subject to the terms and conditions stated herein, to sell to Jefferies LLC (the “**Initial Purchaser**”) \$[_____] Senior Secured Cost Recovery Bonds, Series 2022 (the “**Bonds**”), at the aggregate purchase price set forth on Schedule 1 attached to this Bond Purchase Agreement (this “**Agreement**”). On the Closing Date, the Issuer will acquire the Securitized Property pursuant to the Securitized Property Purchase and Sale Agreement, dated as of the Closing Date, (the “**Sale Agreement**”) between the Issuer and United Electric Cooperative Services, Inc. (“**United**”). In connection with the entering into the Sale Agreement, the Issuer will enter into the Securitized Property Servicing Agreement, dated as of [_____] , 2022 (the “**Servicing Agreement**”), between the Issuer and United, pursuant to which United will act as initial servicer for the Securitized Property it sold to the Issuer under the terms of the Sale Agreement. The Bonds are to be issued under an Indenture, dated as of [_____] , 2022 (the “**Indenture**”), by and between the Issuer and The Bank of New York Mellon Trust Company, N.A. (the “**Trustee**”), as indenture trustee (the “**Indenture Trustee**”). The creation and sale of the Securitized Property and the purchase of the Securitized Property, as well as the execution of the Servicing Agreement, and performance of the obligations described therein, are each pursuant to and in accordance with the Financing Order, approved by the board of directors of United on [_____] , 2022 (the “**Financing Order**”).

The Issuer was formed pursuant to a certificate of formation filed with the Secretary of State of the State of Delaware on [_____] , 2022 (the “**Issuer Certificate of Formation**”) and operates under the terms of the Limited Liability Company Operating Agreement of United Electric Securitization LLC, effective as of [_____] , 2022 (the “**Issuer LLC Agreement**”) and, collectively with the Bonds, the Sale Agreement, the Servicing Agreement, the Indenture and this Agreement, the “**Transaction Documents**”), between United, as the member and Manager, and [_____] , as the Independent Manager. Under the terms of the Issuer LLC Agreement, the sole purpose of the Issuer is to issue the Bonds and acquire and hold the Securitized Property, in

¹ NTD – Confirm

accordance with the terms of the Transaction Documents. The Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, is herein referred to as the “**Securities Act**”. Capitalized terms used herein but not otherwise defined shall have the meanings set forth in the Indenture.

Section 2. Representations and Warranties of the Issuer and United. Each of the Issuer and United (each a “**Securitization Entity**” and, collectively, the “**Securitization Entities**”), jointly and severally represent and warrant to the Initial Purchaser, as of the Closing Date and on the date hereof, that: A confidential preliminary offering memorandum, dated [____], 2022, relating to the Bonds to be offered by the Initial Purchaser, has been prepared by the Issuer and United (the “**Preliminary Offering Memorandum**”). The Preliminary Offering Memorandum and the road show presentation dated [____], 2022 attached as **Exhibit A** to this Agreement (the “**Road Show**”), any information prepared by or on behalf of the Issuer and delivered to prospective holders of the Bonds (other than the Preliminary Offering Memorandum and the Road Show) attached as **Exhibit B** to this Agreement (together with the Road Show, and the Preliminary Offering Memorandum, the “**Time of Sale Information**”) and the final confidential offering memorandum, dated [____], 2022 (the “**Offering Memorandum**”), that includes the offering prices and other final terms of the Bonds, each, as amended or supplemented by additional information are collectively referred to as the “**Offering Document**”. The Offering Document at a particular time means the Offering Document in the form actually amended or supplemented and issued at such time. The “**Time of Sale**” means [11:00 A.M.] EDT on [____], 2022.

The Preliminary Offering Memorandum, as of its date, and the Time of Sale Information, as of the Time of Sale, did not and as of the Closing Date will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Offering Memorandum, as of the date thereof, and as of the Closing Date, will not (and any amendment or supplement thereto, as of the date thereof and as of the Closing Date, will not) contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Notwithstanding the foregoing, none of the Issuer or United makes any representations or warranties as to the Initial Purchaser Information, it being understood and agreed that the “**Initial Purchaser Information**” is only such information that is described as such in Section 7(b) hereof. If, subsequent to the initial Time of Sale, the Issuer and the Initial Purchaser determine that the original Time of Sale Information included an untrue statement of material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and the Initial Purchaser advises the Issuer that investors in the Bonds have elected to terminate their initial “contracts of sale” (within the meaning of Rule 159 under the Securities Act, the “**Contracts of Sale**”) and enter into new Contracts of Sale, then the “Time of Sale” will refer to the time of entry into the first new Contract of Sale and the “Time of Sale Information” will refer to the information available to purchasers at the time of entry (prior to the Closing Date) into the first new Contract of Sale, including any information that corrects such material misstatements or omissions (such new information, the “**Corrective Information**”) and **Exhibit B** to this Agreement will be deemed to be amended to include such Corrective Information in the Time of Sale Information. Notwithstanding the foregoing, for the purposes of Section 7 hereof, in the

event that an investor elects not to terminate its initial Contract of Sale and enter into a new Contract of Sale, “Time of Sale” will refer to the time of entry into such initial Contract of Sale and “Time of Sale Information” with respect to Bonds to be purchased by such investor will refer to information available to such purchaser at the time of entry into such initial Contract of Sale.

(b) The Issuer is a limited liability company formed, validly existing and in good standing under the laws of the State of Delaware, with power and authority to own the Securitized Property and conduct its business as described in the Offering Document and to execute, deliver and perform its obligations under each of the Transaction Documents and each other agreement or instrument contemplated thereby to which it is or will be a party; and the Issuer is duly qualified to do business as a foreign entity in good standing in the State of Texas and any other jurisdictions in which its ownership of the Securitized Property or the conduct of its business requires such qualification, except for such jurisdictions where failure to so qualify or be in good standing would not, individually or in the aggregate, result in a Material Adverse Effect (as defined below).

(c) United is an electric cooperative corporation organized on a not-for-profit basis under the Electric Cooperative Corporation Act and the laws of the state of Texas, validly existing and in good standing under the laws of the State of Texas, with power and authority (corporate and other) to own its properties and conduct its business as described in the Offering Document, to adopt the Financing Order, and to execute, deliver and perform its obligations under the Financing Order and each of the Transaction Documents and each other agreement or instrument contemplated thereby to which it is or will be a party; and United is duly qualified to do business as a foreign entity in good standing in all other jurisdictions in which the ownership or lease of property or the conduct of its business requires such qualification, except for such jurisdictions where failure to so qualify or be in good standing would not, individually or in the aggregate, result in a Material Adverse Effect.

(d) (i) The Financing Order pursuant to which the rights and interests of United, including the right to impose, collect and receive the Securitized Charges under the Financing Act and in and to the Securitized Property, is final, irrevocable and non-appealable and is in full force and effect; (ii) as of the issuance of the Bonds, the Bonds will be entitled to the protection of the Financing Act and, accordingly, the Financing Order, and the Securitized Charges are not revocable by United, except for any adjustments authorized pursuant to Section 41.153 and the Financing Order; (iii) as of the issuance of the Bonds, United will have adopted a tariff in accordance with the Financing Order, which tariff will be in full force; (iv) the process by which the Financing Order creating the Securitized Property was adopted and approved, and the Financing Order and tariff comply with all applicable laws, rules and regulations; and (v) no other approval, authorization, consent, order or other action of, or filing with any Governmental Authority is required in connection with the creation or transfer of the Securitized Property, except those that have been obtained or made or that will be obtained or made on or before the Closing Date.

(e) The Indenture has been duly authorized and on the Closing Date, the Indenture will have been duly executed and delivered by the Issuer, will conform in all material respects to the description thereof contained in the Offering Document and will constitute valid and legally binding obligations of the Issuer, enforceable in accordance with its terms, subject to

bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles (whether considered in a suit at law or in equity).

(f) The Bonds have been duly authorized and when the Bonds are authenticated and delivered in the manner provided for in the Indenture and the Bonds will have been duly executed, authenticated, issued and delivered and will conform in all material respects to the description thereof contained in the Offering Document, will constitute valid and legally binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles and will be entitled to the benefits of the Indenture.

(g) No consent, approval, authorization, or order of, or filing with, any governmental agency or body or any court is required for the consummation of the transactions contemplated by the Transaction Documents and in connection with the issuance and sale of the Bonds by the Issuer other than as have been made or obtained on or prior to the Closing Date (or, if not required to be made or obtained on or prior to the Closing Date, that will be made or obtained when required).

(h) The execution, delivery and performance of each of the Transaction Documents and the issuance and sale of the Bonds and compliance with the terms and provisions thereof are authorized by and consistent with the terms of the Financing Order and will not (i) result in a breach or violation of any of the terms and provisions of, constitute a default under or conflict with (A) any statute, rule, regulation or order of any governmental agency or body, or any court, domestic or foreign, having jurisdiction over any Securitization Entity, or any properties of a Securitization Entity; (B) any agreement or instrument to which a Securitization Entity is a party, by which any Securitization Entity is bound or to which any of the properties of any Securitization Entity is subject or any material agreement or instrument to which any Securitization Entity is a party, by which any Securitization Entity is bound or to which any of the properties of a Securitization Entity is subject; and (C) the organizational documents of any Securitization Entity, or (ii) other than as contemplated by the Transaction Documents, result in the creation or imposition of any lien, charge or encumbrance upon any of the property or assets of any Securitization Entity. The list of documents in **Exhibit C** contains all documents (other than the Transaction Documents) related to indebtedness of, or guarantees of indebtedness, by each of the Securitization Entities.

(i) The Financing Order, this Agreement and each other Transaction Document to which a Securitization Entity is a party have each been duly authorized, and when executed and delivered by such Securitization Entity, as applicable, shall constitute a legal, valid and binding obligation of such Securitization Entity, as applicable, enforceable against such Securitization Entity, as applicable, in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity (whether considered in a suit at law or in equity).

(j) Each Securitization Entity possesses all material certificates, authorities or permits issued by appropriate governmental agencies or bodies necessary to conduct the business now operated by it, except where failure to possess such certificates, authorities or permits would not have a material adverse effect on (i) the condition (financial or other), business, properties or results of operations of each Securitization Entity, as the case may be, (ii) the ability of each Securitization Entity, as the case may be, to perform its obligations under the Financing Order and the Transaction Documents or (iii) the validity or enforceability of the Financing Order or the Transaction Documents to which each Securitization Entity, as the case may be, is a party (a “**Material Adverse Effect**”), and it has not received any notice of proceedings relating to the revocation or modification of any such certificate, authority or permit that, if determined adversely, would individually or in the aggregate have a Material Adverse Effect on such Securitization Entity.

(k) Except as disclosed in the Time of Sale Information, there are no pending actions, suits, investigations, or proceedings challenging or contesting in any way the validity or enforceability of the Financing Order or any of the Transaction Documents and to each Securitization Entity's knowledge, after investigation, no such actions, suits, investigations, or proceedings are threatened or contemplated.

(l) Except as disclosed in the Time of Sale Information, there are no pending actions, suits, investigations, or proceedings against or affecting United or any of its properties, that if determined adversely to United, would have a Material Adverse Effect, or would materially and adversely affect ability of United to perform its obligations under the Transaction Documents or the validity or enforceability of the Bonds or the federal income tax attributes of the Bonds, or which are otherwise material in the context of the sale of the Bonds; and to United's knowledge, no such actions, suits, investigations, or proceedings are threatened or contemplated.

(m) There are no pending actions, suits, investigations, or proceedings against or affecting the Issuer or any of its properties and to the knowledge of each of the Securitization Parties, no such actions, suits, investigations, or proceedings are threatened or contemplated.

(n) The Issuer is not and, after giving effect to the offering and sale of the Bonds and the application of the proceeds thereof as described in the Offering Document, will not be subject to registration as an “investment company” under the Investment Company Act of 1940, as amended, including the rules and regulations thereunder (the “**Investment Company Act**”); and in making this determination the Issuer will be relying primarily on an exclusion from the definition of “investment company” contained in Section 3(c)(5) thereof, although there may be additional exclusions or exemptions available to the Issuer. The Issuer is being structured so as not to constitute a “covered fund” for purposes of Section 619 of the Dodd Frank Wall Street Reform and Consumer Protection Act of 2010, based on its current interpretations.

(o) The Bonds are eligible for resale pursuant to Rule 144A under the Securities Act (“**Rule 144A**”). No securities of the same class (within the meaning of Rule 144A(d)(3) under the Securities Act) as the Bonds are listed on any national securities exchange, registered under Section 6 of the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the “**Exchange Act**”), or quoted in a U.S. automated interdealer quotation system.

(p) The offer and sale of the Bonds to the Initial Purchaser in the manner contemplated by this Agreement will be exempt from the registration requirements of the Securities Act by reason of Section 4(a)(2) thereof. The Indenture is not required to be qualified under the Trust Indenture Act of 1939, as amended (the “**Trust Indenture Act**”). Neither the Securitization Entities, any of their respective Affiliates nor any person acting on its or their behalf (other than the Initial Purchaser, as to which no representation is made) has directly or indirectly solicited any offer to buy or offered to sell or will directly or indirectly solicit any offer to buy or offer to sell in the United States or to any United States citizen or resident any security which is or would be integrated with the sale of the Bonds in a manner that would require the Bonds to be registered under the Securities Act. Neither of the Securitization Entities, any of their respective Affiliates nor any person acting on their behalf (other than the Initial Purchaser, as to which no representation is made) has engaged or will engage in connection with the offering of the Bonds in any form of general solicitation or general advertising within the meaning of Rule 502(c) of Regulation D under the Securities Act or in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act.

(q) Neither Securitization Entity nor any of their respective affiliates or any Person acting on its or their behalf (other than the Initial Purchaser, as to which no representation is made) has engaged or will engage in any directed selling efforts (“**Directed Selling Efforts**”) within the meaning of Rule 902(c) of Regulation S under the Securities Act (“**Regulation S**”), and (ii) each Securitization Entity, their respective affiliates and any Person acting on its or their behalf (other than the Initial Purchaser, as to which no representation is made) has complied and will comply with the “offering restrictions” of Regulation S in connection with the offering of the Bonds outside of the United States. The Preliminary Offering Memorandum contained and the Offering Memorandum will contain the disclosure required by Rule 902(g)(2) of Regulation S.

(r) Except for this Agreement, neither Securitization Entity nor any of its respective affiliates has entered or will enter into any contractual arrangement with respect to the purchase and sale of the Bonds.

(s) Upon execution and delivery of the Sale Agreement, payment of the purchase price set forth in the Sale Agreement, and the filing of notice with the Secretary of State of the State of Texas, the Issuer will have acquired all right, title and interest in and to the Securitized Property free and clear of all Liens other than the lien and security interest with respect to the Securitized Property created under the terms of the Indenture and the Financing Order.

(t) Each of the representations and warranties of each Securitization Entity set forth in each of the Transaction Documents to which they are parties is, as of the date hereof, and will be, as of the Closing Date, true and correct. This Agreement, the other Transaction Documents, and the Bonds conform in all material respects to the respective descriptions contained in the Offering Document.

(u) Any taxes, fees and other governmental charges in connection with the execution and delivery of the Transaction Documents or the execution, delivery and sale of the

Bonds, in each case payable by a Securitization Entity or their affiliates, have been or will be paid prior to the Closing Date.

(v) Except as expressly described in the Offering Document, since the respective dates as of which information is given in the Offering Document (x) there has not been any change in or affecting the general affairs, business, management, financial condition, stockholders' equity, results of operations or regulatory situation of a Securitization Entity that would or might result in a Material Adverse Effect, (y) neither of the Securitization Entities has entered into any transaction or agreement (whether or not in the ordinary course of business) material to such Securitization Entity that, in either case, would reasonably be expected to materially adversely affect the interests of the holders of the Bonds, otherwise than as set forth or contemplated in the Offering Document and (z) neither of the Securitization Entities is in default under any agreement or instrument to which it is a party or by which it is bound which would individually or in the aggregate have a Material Adverse Effect.

(w) Immediately after the consummation of the transactions to occur on the Closing Date, (i) the fair value of the assets of United, at a fair valuation, will exceed its debts and liabilities, subordinated, contingent or otherwise; (ii) the present fair saleable value of the property of each of Securitization Entities will be greater than the amount that will be required to pay the probable liability of its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (iii) each of the Securitization Entities will be able to pay its respective debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (iv) neither of the Securitization Entities will have unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted following the Closing Date.

(x) Each of the Securitization Entities and their respective Affiliates owns or licenses or otherwise has the right to use all licenses, permits, trademarks, trademark applications, patents, patent applications, service marks, tradenames, copyrights, copyright applications, franchises, authorizations and other intellectual property rights that are necessary for the operation of its businesses in order to perform its obligations under the Transaction Documents, without infringement upon or conflict with the rights of any other Person with respect thereto, except (i) where the failure to own, license or have such rights or (ii) for such infringements and conflicts which, in respect of both (i) and (ii) individually or in the aggregate, are not reasonably likely to have a Material Adverse Effect.

(y) Neither of the Securitization Entities or their respective Affiliates has received an order from the Securities and Exchange Commission, any State securities commission or any foreign government or agency thereof preventing or suspending the offering of the Bonds, and to the best knowledge of each Securitization Entity, no such order has been issued and no proceedings for that purpose have been instituted.

(z) Neither of the Securitization Entities has engaged in any activity or conduct which would violate any applicable anti-bribery, anti-corruption or anti-money laundering laws, regulations or rules in any applicable jurisdiction and each of the Securitization Entities has instituted and maintains policies and procedures designed to prevent any such

violation. None of Securitization Entities is a Person that is: (i) the subject of any economic or trade sanctions or restrictive measures enacted, administered, imposed or enforced by U.S. government (including, without limitation, the U.S. Department of the Treasury, the Office of Foreign Assets Control, the U.S. Department of State and including, without limitation, the designation as a “specially designated national” or “blocked person”), the United Nations Security Council, Her Majesty’s Treasury, the Swiss Secretariat for Economic Affairs, the Monetary Authority of Singapore, the Hong Kong Monetary Authority, the European Union, or other relevant sanctions authority (collectively, “**Sanctions**”; any such Person, a “**Sanctioned Person**”) or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions broadly prohibiting dealings with such government, country, or territory (a “**Sanctioned Country**”), currently including Crimea, Cuba, Iran, Burma, North Korea, Sudan and Syria. None of the Securitization Entities will, in violation of applicable Sanctions, directly or indirectly use the proceeds of the Bonds issued hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity (i) to fund or facilitate any activities of or business with any person that, at the time of such funding or facilitation, is the subject or target of Sanctions, (ii) in or involving a Sanctioned Country or any country or territory which at the time of such funding is the subject of comprehensive country-wide or territory-wide Sanctions, other than Cuba or Iran, or (iii) in any other manner that will result in a violation by any person (including any person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions. Neither of the Securitization Entities nor any of their respective affiliates or subsidiaries have knowingly engaged in and are not now knowingly engaged in any dealings or transactions with any person that at the time of the dealing or transaction is or was the subject or the target of Sanctions or with any Sanctioned Country in violation of applicable Sanctions. The Securitization Entities each represent and covenant that, regardless of Sanctions, it will not, directly or indirectly, use the proceeds of the transaction, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, to fund any activities of or business in or involving Cuba or Iran.

(aa) Each Securitization Entity has complied with the representations, certifications and covenants made by each of them to the Rating Agency in connection with the engagement of the Rating Agency to issue and monitor credit ratings on the Bonds, including any certification provided to the Rating Agency in connection with Rule 17g-5(a)(iii) of the Exchange Act (“**Rule 17g-5**”). United and the Issuer are the parties responsible for compliance with Rule 17g-5 in connection with the issuance and monitoring of the credit rating(s) on the Bonds.

(bb) Each of the Securitization Entities represents that each Securitization Entity is in compliance, and will continue to be in compliance, with all applicable anti-money laundering laws and regulations, including the Bank Secrecy Act, as amended by the USA PATRIOT Act, and the regulations thereunder, and FINRA Conduct Rule 3011. Each of the Securitization Entities represents that it has established an anti-money laundering program that is designed to comply with applicable U.S. laws, regulations, and guidance, including rules of self-regulatory organizations, relating to the prevention of money laundering, terrorist financing, and related financial crimes.

Neither Securitization Entity nor any of their respective subsidiaries nor any director, officer, or employee of the Securitization Entity or any of its subsidiaries nor, to the knowledge of either Securitization Entity, any agent, or other person on behalf of such Securitization Entity or any of its subsidiaries has (i) used any funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made or taken an act in furtherance of an offer, promise or authorization of any direct or indirect unlawful payment or benefit to any foreign or domestic government or regulatory official or employee, including of any government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office; (iii) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, as amended, or any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, or committed an offence under the Bribery Act 2010 of the United Kingdom, or any other applicable anti-bribery or anticorruption laws; or (iv) made, offered, agreed, requested or taken an act in furtherance of any unlawful bribe or other unlawful benefit, including, without limitation, any unlawful rebate, payoff, influence payment, kickback or other unlawful or improper payment or benefit. Each Securitization Entity and its subsidiaries have instituted, maintain and enforce, and will continue to maintain and enforce policies and procedures reasonably designed to promote and ensure compliance with all applicable anti-bribery and anti-corruption laws.

(cc) No election has been, or will be, made or filed pursuant to which the Issuer is or will be classified as an association for U.S. federal income tax purposes under Treasury Regulation Section 301.7701-3(a).

(dd) The legal requirements imposed by Regulation RR of the Securities Act do not apply to the Issuer or United with respect to the issuance of the Bonds and the transactions contemplated by the Transaction Documents.

Section 3. Purchase, Sale and Delivery of Bonds.

(a) On the basis of the representations, warranties and agreements herein contained, but subject to the terms and conditions set forth herein, the Issuer agrees to sell to the Initial Purchaser and the Initial Purchaser agrees to purchase the Bonds from the Issuer at the aggregate purchase price set forth in **Schedule 1** attached hereto.

(b) The Issuer will deliver, against payment of the aggregate purchase price, the Bonds to be offered and sold by the Initial Purchaser or transferred to or at the direction of the United in reliance on Regulation S (the “**Regulation S Bonds**”) in the form of one or more temporary global notes in registered form without interest coupons (the “**Regulation S Global Bonds**”) which will be deposited with the Indenture Trustee, in its capacity as custodian, for The Depository Trust Company (“**DTC**”) for the respective accounts of the DTC participants for Euroclear Bank S.A./N.V., as operator of the Euroclear System (“**Euroclear**”), and Clearstream Banking, *société anonyme* (“**Clearstream**”) and registered in the name of Cede & Co., as nominee for DTC. The Issuer will deliver against payment of the aggregate purchase price, the Bonds to be offered and sold by the Initial Purchaser or transferred to or at the direction of the United in reliance on Rule 144A under the Securities Act (the “**144A Bonds**”) in the form of one

or more permanent global securities in definitive form without interest coupons (the “**Rule 144A Global Bonds**”) deposited with the Indenture Trustee, in its capacity as custodian, for DTC and registered in the name of Cede & Co., as nominee for DTC. The Regulation S Global Bonds and the Rule 144A Global Bonds shall be assigned separate CUSIP numbers. The Rule 144A Global Bonds shall include the legend regarding restrictions on transfer set forth under “TRANSFER RESTRICTIONS” in the Preliminary Offering Memorandum and the Offering Memorandum. Until the termination of the period that begins on the Closing Date and ends forty calendar days after the Closing Date, interests in the Regulation S Global Bonds may only be held by the DTC participants for Euroclear and Clearstream. Interests in any permanent global notes will be held only in book-entry form through Euroclear, Clearstream or DTC, as the case may be, except in the limited circumstances permitted by the Indenture.

(c) Payment for the Bonds shall be made by the Initial Purchaser in Federal (same day) funds by wire transfer to an account at a bank acceptable to the Initial Purchaser and designated by the Issuer on [____], 2022 (or, at such time not later than seven full Business Days thereafter as the Initial Purchaser and the Issuer determine, the “**Closing Date**”) against delivery to the Indenture Trustee, in its capacity as custodian, for DTC of (i) the Regulation S Global Bonds representing all of the Regulation S Bonds for the respective accounts of the DTC participants for Euroclear and Clearstream, and (ii) the Rule 144A Global Bonds representing all of the 144A Bonds.

(d) Each of United and the Initial Purchaser, hereby acknowledges and agrees that, for all tax purposes, it is entering into this Agreement with the intention that the Bonds will be indebtedness and shall treat the Bonds as indebtedness, unless otherwise required by law.

Section 4. Representations of the Initial Purchaser; Resales.

(a) The Initial Purchaser represents and warrants that it is an “accredited investor” within the meaning of Regulation D under the Securities Act.

(b) The Initial Purchaser acknowledges and agrees that the offer and sale of the Bonds have not been registered under the Securities Act or under applicable state securities laws or blue sky laws or under the laws of any other jurisdiction, and the Bonds may not be offered or sold (a) except within the United States or to U.S. Persons (as defined in Rule 902(k) of Regulation S) to “qualified institutional buyers” (as defined in Rule 144A(a)(1) under the Securities Act) in reliance on the exemption from registration provided by Rule 144A or (b) outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S. The Initial Purchaser represents and agrees that it has offered and sold the Bonds, and will offer and sell the Bonds, only in accordance with Regulation S or Rule 144A and, in each case, in accordance with this Agreement and the Offering Document. Terms used in this subsection (b) shall have the meanings given to them in Regulation S.

(c) The Initial Purchaser agrees that it and each of its affiliates will not offer or sell the Bonds in the United States by means of any form of “general solicitation” or “general advertising” within the meaning of Rule 502(c) under the Securities Act, including, but not limited to any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, or any seminar or meeting whose

attendees have been invited by any general solicitation or general advertising, and it and each of its affiliates will not engage in any Directed Selling Efforts with respect to the offer and sale of the Bonds. “**Directed Selling Efforts**” means any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered in reliance on this Regulation S. Such activity includes placing an advertisement in a publication “with a general circulation in the United States” that refers to the offering of securities being made in reliance upon Regulation S.

(d) The Initial Purchaser represents and agrees that (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the United Kingdom’s Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom; and (iii) in relation to each member state of the European Economic Area and the United Kingdom it has not made and will not make an offer of any Bonds to the public in any Relevant Member State (as defined below) or the United Kingdom, other than: (A) to any legal entity which is a qualified investor as defined in the Prospectus Regulation (as defined below); (B) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the Initial Purchaser nominated by the Issuer for any such offer; or (C) in any other circumstances falling within Article 1(4) of the Prospectus Regulation; provided, that, in the foregoing clauses (A) to (C), no such offer of Bonds shall require the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or any supplemental prospectus pursuant to Article 23 of the Prospectus Regulation. Each person who initially acquires any Bonds or to whom any offer is made pursuant to the Offering Document will be deemed to have represented, warranted and agreed that such offer is made pursuant to one of the exemptions provided above. For the purposes of this provision, the expression “offer of Bonds to the public” in relation to any Bonds in any Relevant Member State or the United Kingdom means the communication to any persons in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds. The expression “**Prospectus Regulation**” means Regulation EU 2017/1129 (and amendments thereto, (which repealed and replaced Prospects Directive (EU 2003/71/EC) and includes any relevant implementing measure in each Relevant Member State and the United Kingdom, as applicable. The expression “**Relevant Member State**” means any European Union state that has implemented the prospectus regulation.

(e) The Initial Purchaser represents and agrees that it has not offered, old or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the European Economic Area or the United Kingdom. For the purposes of this provision, (i) the expression “retail investor” means a person who is one (or more) of the following: (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”), (b) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II, or (c) not a qualified investor as defined in the Prospectus Regulation; and (ii) the expression “offer” includes the communication in any form and by any means of

sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

(f) Furthermore, no key information document required by Regulation (EU) no 1286/2014 (as amended, the “**EU PRIIPS Regulation**”), or, with respect to the UK, as the EU PRIIPS Regulation forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the “**UK PRIIPS Regulation**”) for offering or selling the bonds or otherwise making them available to retail investors in the European Economic Area or the United Kingdom has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the EU PRIIPS Regulation and making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPS Regulation.

Section 5. Certain Covenants of the Securitization Entities. The Issuer and United each agrees with the Initial Purchaser that:

(a) As promptly as practicable following the Time of Sale and not later than the second business day prior to the Closing Date, the Issuer and United will prepare and deliver the Offering Memorandum to the Initial Purchaser. The Issuer will advise the Initial Purchaser promptly of any proposal to amend or supplement the Offering Document and will not effect such amendment or supplementation without the Initial Purchaser’s consent. If, at any time following delivery of any document comprising the Offering Document and prior to the completion of the resale of the Bonds by the Initial Purchaser, any event occurs as a result of which such document as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Issuer promptly will notify the Initial Purchaser of such event and promptly will prepare, at its own expense, an amendment or supplement which will correct such statement or omission. If, at any time following delivery of any document comprising the Offering Document and prior to the completion of the resale of the Bonds by the Initial Purchaser, if, in the reasonable opinion of the Initial Purchaser, a change to the Offering Document is necessary to comply with law or regulations, the Issuer promptly will prepare, at its own expense, an amendment or supplement which will cause the Offering Document to comply with such laws or regulations. Neither the consent of the Initial Purchaser to, nor the Initial Purchaser’ delivery to offerees or investors of, any such amendment or supplement shall constitute a waiver of any of the conditions set forth in Section 6 hereof.

(b) The Issuer will furnish to the Initial Purchaser copies of each document comprising a part of the Offering Document as soon as available and in such quantities as the Initial Purchaser reasonably request. The Members will cause to be furnished to the Initial Purchaser on the Closing Date, the letters specified in Section 6(a) hereof. At any time the 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 Bonds, to such holders and prospective purchasers, copies of the information required to be delivered to holders and prospective purchasers of the 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 Bonds. The Issuer will pay the expenses of printing and distributing to the Initial Purchaser all such documents.

(c) During the period of one year following the Closing Date, the Issuer will not, and will not permit any of its affiliates (as defined in Rule 144 under the Securities Act) to, resell any of the Bonds that have been reacquired by any of them, except for sales in a transaction registered under the Securities Act or pursuant to any exemption from registration under the Securities Act.

(d) The Issuer will not conduct its business in a manner that will require it to be registered under the Investment Company Act.

(e) Each Securitization Entity jointly and severally agrees to pay all expenses incidental to the performance of its obligations under the Transaction Documents including (i) all expenses in connection with the execution, issue, authentication, packaging and initial delivery of the Bonds, the adoption of the Financing Order, the preparation of the Transaction Documents and the printing of the Offering Document and amendments and supplements thereto, and any other document relating to the issuance, offer, sale and delivery of the Bonds; (ii) any expenses (including reasonable fees and disbursements of counsel) incurred in connection with qualification of the Bonds for sale under the laws of such jurisdictions in the United States as the Initial Purchaser designate and the printing of memoranda relating thereto; (iii) any fees charged by any NRSRO for the rating(s) of the Bonds or any initial engagement with respect thereto; (iv) expenses incurred in distributing the Offering Document (including any amendments and supplements thereto) to the Initial Purchaser; and (v) all out-of-pocket expenses of the Initial Purchaser (including any fees and disbursements of Norton Rose Fulbright US LLP, counsel to the Initial Purchaser).

(f) Until the Initial Purchaser shall have notified the Issuer of the completion of the resale of the Bonds, neither Securitization Entity nor any of their respective affiliates has or will, either alone or with one or more other persons, bid for or purchase for any account in which it or any of its affiliates has a beneficial interest, any Bonds, or attempt to induce any person to purchase any Bonds; and neither Securitization Entity nor any of their respective affiliates will make bids or purchases for the purpose of creating actual, or apparent, active trading in, or of raising the price of, the Bonds.

(g) Each of the Securitization Entities will comply with the representations, certifications and covenants made in the engagement letters of the Securitization Entities with the Rating Agency, including any representation, certification or covenant provided by any such Securitization Entity to the Rating Agency in connection with Rule 17g-5, and will make accessible to any non-hired nationally recognized statistical rating organization (“NRSRO”) all information provided by any Securitization Entity to the Rating Agency in connection with the issuance and monitoring of the credit ratings on the Bonds in accordance with Rule 17g-5.

(h) Each Securitization Entity agrees that it will promptly following any request therefor, provide information and documentation reasonably requested by any Initial Purchaser for purposes of compliance with applicable “know your customer” and anti-money

laundrying rules and regulations, including, without limitation, the USA PATRIOT Act, and the regulations thereunder.

Section 6. Conditions of the Initial Purchaser's Obligation. The obligation of the Initial Purchaser to purchase and pay for the Bonds on the Closing Date will be subject to the accuracy of the representations and warranties on the part of the Securitization Entities herein, the accuracy of the statements of officers of the Securitization Entities made pursuant to the provisions hereof, to the performance by each of the Securitization Entities of its respective obligations hereunder and to the following additional conditions precedent:

(a) []² shall have furnished to the Initial Purchaser (i) one or more reports regarding certain calculations and computations relating to the Bonds, in form or substance reasonably satisfactory to the Initial Purchaser, in each case in respect of which the Initial Purchaser shall have made specific requests therefor and shall have provided acknowledgment or similar letters to such firm reasonably necessary in order for such firm to issue such reports; and (ii) in form and substance satisfactory to the Initial Purchaser, evidence of the consent of [], independent auditor to United, to the inclusion of the Financial Statements With Accompanying Information For The Years Ended December 31, 2021 And 2020 And Report of Certified Public Accountants for United in the Preliminary Offering Memorandum and the Offering Memorandum.

(b) Subsequent to the execution and delivery of this Agreement, there shall not have occurred (i) the introduction of a bill in the legislature of the State of Texas that would upon passage of such bill amend or repeal the Financing Act; (ii) a change in U.S. or international financial, political or economic conditions or currency exchange rates or exchange controls as would, in the judgment of the Initial Purchaser, be likely to prejudice materially the success of the proposed issue, sale or distribution of the Bonds, whether in the primary market or in respect of dealings in the secondary market; (iii) developments with respect to the Financing Act or the Financing Order which would be reasonably likely to result, in the judgment of the Initial Purchaser, in a material adverse change in the Securitized Property; or (iv) (A) any change, or any development or event involving a prospective change, in the condition (financial or other), business, properties or results of operations of any of the Securitization Entities or any of their affiliates, which, in the reasonable judgment of the Initial Purchaser, is material and adverse and makes it impractical or inadvisable to proceed with completion of the offering or the sale of and payment for the Bonds; (B) any downgrading in the rating of any debt securities of any of the Securitization Entities or any of their affiliates by any nationally recognized statistical rating organization, or any public announcement that any such organization has under surveillance or review its rating of any debt securities of either Securitization Entity or any affiliate of a Securitization Entity (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading, of such rating); (C) any suspension or limitation of trading in securities generally on the New York Stock Exchange or any setting of minimum prices for trading on such exchange, or any suspension of trading of any securities of any Securitization Entity or any of affiliate of a Securitization Entity of any exchange or in the over-the-counter market; (D) any banking moratorium declared by U.S. Federal or New York authorities; (E) any material disruption of clearing or settlement services in the United States, or

² NTD – Insert name of auditor.

(F) any outbreak or escalation of major hostilities in which the United States is involved, any declaration of war by Congress or any other substantial national or international calamity or emergency if, in the judgment of the Initial Purchaser, the effect of any such outbreak, escalation, declaration, calamity or emergency makes it impractical or inadvisable to proceed with completion of the offering or sale of and payment for the Bonds.

(c) The Financing Order shall have been duly authorized and executed by United and there shall be no pending actions, suits, investigations, or proceedings with respect to the validity or enforceability of the Financing Order.

(d) [Reserved for status of bankruptcy plan appeal as applicable – e.g. the Brazos Chapter 11 Bankruptcy Plan shall not be subject to stay, etc.]³

(e) The Bonds shall have been duly authorized, executed, authenticated, delivered and issued, and each of the Transaction Documents shall have been duly authorized, executed and delivered by the respective parties thereto and shall be in full force and effect, and all conditions precedent contained in the Transaction Documents shall have been satisfied or waived.

(f) The Initial Purchaser shall have received copies of (i) the Issuer Order authorizing and directing the authentication and delivery of the Bonds, described in Section 2.10(1) of the Bond Indenture; (ii) the Officer's Certificates of the Issuer and the Seller, described in Section 2.10(6)(a) and 2.10(6)(b) of the Bond Indenture; and (iii) a certificate of the Trustee, in form and substance reasonably acceptable to the Initial Purchaser, confirming that each of the requirements of the Indenture for the issuance of the Bonds have been satisfied.

(g) The Initial Purchaser shall have received from [McDonald Sanders, P.C.], counsel to United, a written opinion, dated the Closing Date, in substantially the form set forth in **Exhibit D-1** attached hereto, with respect to the certain corporate matters regarding United.

(h) The Initial Purchaser shall have received from Eversheds Sutherland (US) LLP, counsel to United, a written opinion, dated the Closing Date, in substantially the form set forth in **Exhibit D-2** attached hereto, regarding certain regulatory matters.

(i) The Initial Purchaser shall have received from Norton Rose Fulbright US LLP., counsel to the Initial Purchaser, written opinions, dated the Closing Date, as described below:⁴

(i) True Sale and Non-Consolidation. An opinion, in substantially the form set forth in **Exhibit D-3** attached hereto, regarding certain matters under Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (the "Bankruptcy Code").(ii) Federal Constitutional Matters. An opinion, in substantially the form set forth in **Exhibit D-4** attached hereto, regarding certain matters under matters of law under the U.S. Constitution.

³ NTD – Under review – to be updated based on discussion with bankruptcy counsel and regulatory counsel.

⁴ NTD – Opinions under review.

(iii) State of Texas Constitutional Matters. An opinion, in substantially the form set forth in **Exhibit D-5** attached hereto, with respect to certain matters under the Constitution of the State of Texas.(iv) Federal Tax Matters. An opinion, in substantially the form set forth in **Exhibit D-6** attached hereto, regarding certain federal income tax matters.

Security Interest. An opinion, in substantially the form set forth in **Exhibit D-7** attached hereto, regarding the security interest in the Securitized Property.][The Initial Purchaser shall have received one or more letters from counsel to the Securitization Entities, in substantially the form set forth in **Exhibit D-8**, attached hereto, to the effect that that no information has come to the attention of the attorneys in the firm who are involved in the representation of parties to the transactions described in the Preliminary Offering Memorandum and the Offering Memorandum that causes such attorneys to believe that the Preliminary Offering Memorandum as of the date hereof or the Offering Memorandum, as of the date thereof or the date hereof, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.]]⁵

(k) The Initial Purchaser and the Trustee shall have received opinions of Richards, Layton & Finger, PA, counsel to the Issuer, written opinions, dated the Closing Date, in substantially the form set forth in **Exhibit D-[]**, attached hereto, and in the form set forth in **Exhibit D-[]**, attached hereto.

(l) (A) The Bonds shall have received rating of “Aaa^{sf}” from Moody’s, and (B) such rating shall not have been rescinded and no public announcement shall have been made by (x) Moody’s that its rating of the Bonds has been placed under review or (y) by a non-hired rating agency that it has issued an unsolicited lower rating on the Bonds.

(m) The Issuer shall have furnished or caused to be furnished or agreed to furnish to the Rating Agency as the Closing Date such opinions and certificates as the Rating Agency may reasonably request as a condition to its rating referenced above.

(n) The Initial Purchaser shall have received certified copies of (i) the Issuer Certificate of Formation, and certificates of good standing issued by the Delaware Secretary of State for the Issuer; (ii) the articles of incorporation, bylaws and certificates of good standing issued by the Texas Secretary of State for United; (iii) evidence of incumbency and authority of each Authorized Officer of each of the Securitization Entities; and (iv) resolutions of the board of United authorizing the adoption of the Financing Order, the execution of each Transaction Document, and all other actions by any Securitization Entity contemplated in this Agreement or any other Transaction Document.

(o) Executed copies of each of the Transaction Documents and the Financing Order shall have been provided to the Initial Purchaser.

⁵ NTD – Under review – counsel to discuss.

(p) [An executed copy of the escrow agreement by and between _____], under the terms of which the proceeds of the Securitized Bonds received by United and payable to Brazos shall be deposited in accordance with the terms of the Financing Order.]⁶

(q) On or prior to the Closing Date, the Issuer shall have delivered to the Initial Purchaser evidence, in form and substance reasonably satisfactory to the Initial Purchaser, that appropriate filings have been made, in accordance with the Financing Act and the Financing Order, in order to perfect the sale of the Securitized Property to the Issuer and the security interest and statutory lien in favor of holders of the Bonds with respect thereto.

(r) A certificate of the Issuer, dated the Closing Date, signed by an Authorized Officer of the Issuer, to the effect that (i) each of the representations and warranties of the Issuer contained in this Agreement is true and correct in all material respects on and as of the Closing Date as if such representation and warranties had been made on and as of the Closing Date, and (ii) as of the Closing Date there has been no material adverse change (whether arising from transactions in the ordinary course of business) in the business, properties, condition (financial or otherwise) or operations of the Issuer from that set forth in the Offering Document.

(s) A certificate of United, dated the Closing Date, signed by an Authorized Officer of United, to the effect that (i) each of the representations and warranties of United contained in this Agreement and any Transaction Document to which United is a party, is true and correct in all material respects on and as of the Closing Date as if such representation and warranties had been made on and as of the Closing Date, (ii) as of the Closing Date there has been no material adverse change (whether arising from transactions in the ordinary course of business) in the business, properties, condition (financial or otherwise) or operations of United from that set forth in the Offering Document.

(t) A certificate of the Trustee as to matters reasonably requested by the Initial Purchaser shall have been delivered to the Initial Purchaser by the Trustee.

(u) The Initial Purchaser shall have received an opinion of _____, counsel to the Trustee, in form and substance reasonably acceptable to the Initial Purchaser.

(v) [The Initial Purchaser shall have received evidence from United, that the _____ has consented to the sale by United of its the Securitized Property under the terms of the Transaction Documents and waived any rights with respect thereto under any loan or security agreement.]⁷

(w) The Initial Purchaser shall have received from each party to the Transaction Documents such information, certificates and documents as the Initial Purchaser or its counsel may reasonably have requested and all proceedings in connection with the transactions contemplated by this Agreement and all documents incident hereto shall be in all material respects reasonably satisfactory in form and substance to the Initial Purchaser.

⁶ NTD – Under review – to be conformed, based on discussion with counsel, to requirements of Financing Order and Brazos Bankruptcy Plan.

⁷ NTD – Under review.

The Initial Purchaser may in their sole discretion waive compliance with any conditions to the obligations of the Initial Purchaser hereunder.

Section 7. Indemnification and Contribution.

(a) Each of the Securitization Entities (subject to the limitations in the last sentence of this subsection (a)) jointly and severally (i) agrees to indemnify and hold harmless the Initial Purchaser, its affiliates, partners, directors, employees, agents and officers and each person, if any, who controls an Initial Purchaser within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, against any losses, claims, damages or liabilities, joint or several, to which an Initial Purchaser, affiliate, partner, director, employee, agent, officer or controlling person may become subject, under the Securities Act or the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (A) any breach or any alleged breach of any of the representations and warranties of any of the Securitization Entities contained herein, or (B) any untrue statement or alleged untrue statement of any material fact contained in any document comprising a part of the Offering Document, or any amendment, exhibit or supplement thereto or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, including any losses, claims, damages or liabilities arising out of or based upon the Issuer's failure to perform its obligations under Section 5(a) hereof, and (ii) will reimburse the Initial Purchaser for any legal or other expenses reasonably incurred by the Initial Purchaser, affiliate, partner, director, employee, agent, officer or controlling person in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; including, but not limited to, the applicable Initial Purchaser's costs of defending itself against any claim or bringing any claim to enforce the indemnification or other obligations of any of the Securitization Entities; provided, however, that none of the Securitization Entities will be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished to the Issuer by the Initial Purchaser specifically for use therein, it being understood and agreed that the only such information consists of the information described as such in subsection (b) below.

(b) The Initial Purchaser will indemnify and hold harmless the Securitization Entities and each of its affiliates, directors, officers, agents and employees, each person, if any, who controls the Issuer within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, against any losses, claims, damages or liabilities to which the Issuer may become subject, under the Securities Act or the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any document comprising a part of the Offering Document or any amendment, exhibit or supplement thereto, or arise out of or are based upon the omission or the alleged omission to state therein a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Issuer by such Initial

Purchaser specifically for use therein, and will reimburse any legal or other expenses reasonably incurred by the Issuer in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred, including, but not limited to, the costs of defending itself against any claim or bringing any claim to enforce the indemnification or other obligations of either Initial Purchaser, [it being understood and agreed that the only such information furnished by the Initial Purchaser consists of the second paragraph, third paragraph and the second and third sentences in the ninth paragraph under the caption “PLAN OF SALE” in the Preliminary Offering Memorandum and the Offering Memorandum; provided, however, that the Initial Purchaser shall not be liable for any losses, claims, damages or liabilities arising out of or based upon the Issuer’s failure to perform its obligations under Section 5(a) hereof.]]⁸

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to either subsection (a) or (b), such person (the “**indemnified party**”) promptly shall notify the person against whom such indemnity may be sought (the “**indemnifying party**”) in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceedings and shall pay the fees and disbursements of not more than one such counsel related to such proceeding; provided, however, that the failure of any indemnified party to provide such notice to the indemnifying party shall not relieve the indemnifying party of its obligations under this Section 7 except to the extent the indemnifying party did not otherwise have actual notice of such claim and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless: (i) the indemnifying party and the indemnified party agree on the retention of such counsel at the indemnifying party’s expense, (ii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of the action or (iii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in respect of the legal expenses of any indemnified party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one counsel (in addition to any local counsel) for all such indemnified parties and that all such fees and expenses shall be reimbursed promptly as they are incurred. Such counsel shall be designated in writing by the Issuer, in the case of parties indemnified pursuant to subsection (a), and by the Initial Purchaser, in the case of parties indemnified pursuant to subsection (b). The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to promptly indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement, compromise or consent to the entry of any judgment or otherwise seek to terminate any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought

⁸ NTD – Under review – to be conformed to final form of Offering Memorandum.

hereunder by such indemnified party, unless such settlement, consent, compromise or termination (i) includes an unconditional release, in form and substance reasonably satisfactory to the indemnified party of such indemnified party from all liability on claims that are the subject matter of such proceeding and (ii) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of such indemnified party.

(d) If the indemnification provided for in this Section is unavailable or insufficient to hold harmless an indemnified party under subsection (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party, as incurred, as a result of the losses, claims, damages or liabilities referred to in subsection (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Securitization Entities on the one hand and the Initial Purchaser on the other from the offering of the Bonds or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of any of the Securitization Entities on the one hand and the Initial Purchaser on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations. The relative benefits received by the Issuer, the Securitization Entities on the one hand and the Initial Purchaser on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Issuer and the total discounts and commissions received by the Initial Purchaser bear to the aggregate initial offering prices of the Bonds. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Securitization Entities or the Initial Purchaser and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (d). Notwithstanding the provisions of this subsection (d), the Initial Purchaser shall not be required to contribute any amount in excess of the amount by which the total discounts and commission received by it exceed the amount of any damages that it otherwise has been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

(e) The obligations of the Securitization Entities under this Section shall be in addition to any liability which the Securitization Entities may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls an Initial Purchaser within the meaning of the Securities Act or the Exchange Act; and the obligations of the Initial Purchaser under this Section shall be in addition to any liability which the Initial Purchaser may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls a Securitization Entity within the meaning of the Securities Act or the Exchange Act.

Section 8. Reserved.

Section 9. Survival of Certain Representations and Obligations. The respective indemnities, agreements, representations, warranties and other statements of the

Securitization Entities or their respective officers and of the Initial Purchaser set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of the Initial Purchaser, any Securitization Entity, or any of their respective representatives, officers or directors or any controlling person, and will survive delivery of and payment for the Bonds. If for any reason the purchase of the Bonds by the Initial Purchaser is not consummated, each Securitization Entity shall remain responsible for the expenses to be paid or reimbursed by it pursuant to Section 5 hereof (except with respect to a breach of this Agreement by the Initial Purchaser) and the respective obligations of each Securitization Entity and the Initial Purchaser pursuant to Section 7 hereof shall remain in effect.

Section 10. Severability Clause. Any part, provision, representation, or warranty of this Agreement which is prohibited or is held to be void or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

Section 11. Notices. All communications hereunder will be in writing and:

(a) if sent to the Initial Purchaser will be mailed or delivered to the Initial Purchaser at Jefferies LLC, 520 Madison Avenue, New York, New York 10022, Attention: John Kearney, E-mail: jkearney@jefferies.com;

(b) if sent to the Issuer, will be mailed or delivered to it at [____], ATTN: [____], E-mail: [____]; with a copy to: [____], ATTN: [____], E-mail: [____];

(c) if sent to United, will be mailed or delivered to it at [____], ATTN: [____], E-mail: [____]; with a copy to: [____], ATTN: [____], E-mail: [____];

Section 12. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the indemnified persons referred to in Section 7 hereof, and no other person will have any right or obligation hereunder, except that holders of Bonds shall be entitled to enforce the agreements for their benefit contained in the fourth sentence of Section 5(b) hereof against the Issuer as if such holders were parties thereto.

Section 13. Applicable Law. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK. The Securitization Entities hereby submit to the exclusive jurisdiction of the courts of the State of New York and the courts of the United States of America of the Southern District of New York in each case sitting in the Borough of Manhattan in The City of New York and the appellate courts from any thereof in any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. Each party hereto waives, to the fullest extent permitted by requirements of 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 Agreement. Each party hereto (i) certifies that no representative agent or attorney of any other

party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other parties hereto have been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section 13.

Section 14. Integration, Amendment and Counterparts. This Agreement supersedes all prior or contemporaneous agreements and understandings relating to the subject matter hereof among the Initial Purchaser and either of the Securitization Entities. Neither this Agreement nor any term hereof may be changed, waived, discharged or terminated except by a writing signed by the party against whom enforcement of such change, waiver, discharge or termination is sought. This Agreement may be signed in any number of counterparts each of which shall be deemed an original, which taken together shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by facsimile transmission or other electronic transmission (i.e., “pdf” or “tif”) shall be effective as delivery of a manually executed counterpart hereof and deemed an original.

Section 15. No Petition. During the term of this Agreement and for one year and one day after payment in full of the Bonds, none of the parties hereto or any affiliate thereof will file any involuntary petition or otherwise institute any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding or other proceeding under any federal or state bankruptcy or similar law against the Issuer.

Section 16. No Advisory or Fiduciary Responsibility. Each of the Securitization Entities acknowledges and agrees that: (a) the purchase and sale of the Bonds pursuant to this Agreement, including the determination of the offering prices of the Bonds and any related discounts and commissions, is an arm’s-length commercial transaction among the Securitization Entities and the Initial Purchaser and each of the Securitization Entities is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated by this Agreement; (b) in connection with the purchase and sale of the Bonds, the Initial Purchaser are and have been acting solely as a principal and is not the agent or fiduciary of either of the Securitization Entities, or their respective affiliates, directors, officers, stockholders, creditors or employees or any other party; (c) the Initial Purchaser has not assumed or will not assume an advisory or fiduciary responsibility in favor of either of the Securitization Entities with respect to any of the transactions contemplated hereby; (d) the Initial Purchaser and its respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of either of the Securitization Entities or their respective affiliates, directors, officers, stockholders, creditors or employees or any other party, and that the Initial Purchaser has no obligation to disclose any of such interests by virtue of any fiduciary or advisory relationship; (e) the Securitization Entities shall each consult with its own advisors concerning the purchase and sale of the Bonds and shall be responsible for making their own independent investigation and appraisal of the transaction contemplated hereby, and the Initial Purchaser shall not have any responsibility or liability to the Securitization Entities or their respective affiliates, directors, officers, stockholders, creditors or employees or any other party with respect thereto; (f) the Initial Purchaser and its respective affiliates are not providing and have not provided legal, regulatory, tax, insurance or accounting advice in any jurisdiction; and (g) each of the Securitization Entities waive, to the fullest extent permitted by law, any claims it

may have against the Initial Purchaser for breach of fiduciary duty or alleged breach of fiduciary duty.

[Signature Page Follows]

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the undersigned a counterpart hereof, whereupon this Agreement shall represent a binding agreement among the Securitization Entities and the Initial Purchaser.

Very truly yours,

UNITED ELECTRIC SECURITIZATION LLC,
as Issuer

By: UNITED ELECTRIC COOPERATIVE
SERVICES, INC., its Manager

By: _____
Name:
Title:

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the undersigned a counterpart hereof, whereupon this Agreement shall represent a binding agreement among the Securitization Entities and the Initial Purchaser.

Very truly yours,

UNITED ELECTRIC COOPERATIVE SERVICES, INC.

By: _____

Name:

Title:

The foregoing Agreement is hereby confirmed and accepted
as of the date first above written.

JEFFERIES LLC

By: _____

Name:

Title:

SCHEDULE 1

131629175.3

S-1

K-28

EXPECTED AMORTIZATION SCHEDULE OF BONDS

EXHIBIT A
INVESTOR ROAD SHOW

EXHIBIT B

OTHER TIME OF SALE INFORMATION

None (as of [] 2022).

EXHIBIT C

SCHEDULE OF INDEBTEDNESS OF, OR GUARANTEES OF INDEBTEDNESS, OF THE
SECURITIZATION ENTITIES

United Electric Cooperative Services, Inc.

EXHIBIT D-1

EXHIBIT L
AUTHORIZED OFFICER

General Manager of United Electric Cooperative Services, Inc.

APPENDIX 1
SAVINGS ANALYSIS

Appendix 1 - Savings Analysis

The amount required to be paid to Brazos for providing power during the Period of Emergency is estimated to total approximately \$431 million. These energy costs were unprecedented and would be unaffordable for customers if they were required to repay the costs immediately. Without a financing, which would spread the energy costs over a longer time period, the average customer would be required to immediately pay \$4,489¹. This estimated amount would represent 2.7x the amount which an average residential customer paid for the *entire year* of electricity in 2021.

United Electric Cooperative has determined that the financing of these costs through conventional sources is not desirable for several reasons including a) the existing lending programs are secured by a mortgage upon the Cooperative's net assets and utilizing such programs for energy costs would limit the Cooperative's future ability to borrow for capital expenditures; b) existing lenders are unlikely to extend financing in an amount necessary and/or likely to limit the tenor of such borrowing to a significantly shorter term which would result in a significantly higher monthly obligation upon the customers ; c) a financing through the capital markets would be on a subordinate basis to the existing lending programs and would likely not achieve investment grade credit ratings and would be subject to risks in execution which may result in a significantly higher interest rate; and d) the margin requirement under existing lending programs (or a new subordinate lending program) would require higher charges upon the customers than a securitization financing.

In order to satisfy the Saving and Benefits requirement of the Securitization Financing, the analysis below has been prepared by the Structuring Agent/Initial Purchaser. This analysis compares the following alternatives:

1. A Securitized Financing with a 17 year average life (28 year final expected term) and based on current market conditions is estimated to have an all-in cost of 5.11% inclusive of Upfront and Ongoing Financing Costs.
2. A Non-Securitized Financing with a similar term and an estimated interest cost based on the Thomson Reuters taxable benchmarks for "Baa Corporate Yield" bonds of 5.66%. This represents an illustrative "best case" capital markets financing since it a) excludes any Upfront and Ongoing Financing Costs; b) ignores the potential for sub-investment grade ratings which would result in an even higher interest cost; c) utilized a benchmark index that is slightly shorter (15 years) than the expected average life of the securitization financing (17 years) ; and d) assumes a similarly structured "mortgage style" amortization could be successfully marketed. The debt service associated with these financings is estimated in **Table 1-A**. As corporate debt service costs are entirely payable from receipts paid from the Customers, it is appropriate to compare debt service obligations since under either financing alternative the obligation is ultimately paid by the Customers. The Structuring Agent expects that any change in benchmark treasury rates would reflect a corresponding change in both securitization rates and non-securitization borrowings - thus the savings is unlikely to change materially.

Based on these assumptions, the debt service savings resulting from the Securitized Bonds would equal \$49.7 million over time to United's customers. The present value of these savings is estimated to equal \$26.5 million.

¹ Based on the Total Estimated Qualified Costs of \$443,052,177, and 98,699 customers as of June 2022 month end.

TABLE 1-A⁽¹⁾ (\$000's)

Debt Service Date	Estimated Securitized Debt Service ⁽²⁾	Estimated Non- Securitized Debt Service ⁽³⁾	Gross Debt Service Savings	Present Value Debt Service Savings
2/1/2023	4,780	5,294	514	509
8/1/2023	15,087	15,982	895	864
2/1/2024	15,087	15,982	895	842
8/1/2024	15,087	15,982	895	821
2/1/2025	15,087	15,982	895	801
8/1/2025	15,087	15,982	895	781
2/1/2026	15,087	15,982	895	762
8/1/2026	15,087	15,982	895	743
2/1/2027	15,087	15,982	895	724
8/1/2027	15,087	15,982	895	706
2/1/2028	15,087	15,982	895	688
8/1/2028	15,087	15,982	895	671
2/1/2029	15,087	15,982	895	655
8/1/2029	15,087	15,982	895	638
2/1/2030	15,087	15,982	895	622
8/1/2030	15,087	15,982	895	607
2/1/2031	15,087	15,982	895	592
8/1/2031	15,087	15,982	895	577
2/1/2032	15,087	15,982	895	563
8/1/2032	15,087	15,982	895	549
2/1/2033	15,087	15,982	895	535
8/1/2033	15,087	15,982	895	522
2/1/2034	15,087	15,982	895	509
8/1/2034	15,087	15,982	895	496
2/1/2035	15,087	15,982	895	484
8/1/2035	15,087	15,982	895	472
2/1/2036	15,087	15,982	895	460
8/1/2036	15,087	15,982	895	448
2/1/2037	15,087	15,982	895	437
8/1/2037	15,087	15,982	895	426
2/1/2038	15,087	15,982	895	416
8/1/2038	15,087	15,982	895	405
2/1/2039	15,087	15,982	895	395
8/1/2039	15,087	15,982	895	385
2/1/2040	15,087	15,982	895	376
8/1/2040	15,087	15,982	895	366
2/1/2041	15,087	15,982	895	357
8/1/2041	15,087	15,982	895	348
2/1/2042	15,087	15,982	895	340
8/1/2042	15,087	15,982	895	331
2/1/2043	15,087	15,982	895	323
8/1/2043	15,087	15,982	895	315
2/1/2044	15,087	15,982	895	307
8/1/2044	15,087	15,982	895	299
2/1/2045	15,087	15,982	895	292
8/1/2045	15,087	15,982	895	285
2/1/2046	15,087	15,982	895	278
8/1/2046	15,087	15,982	895	271
2/1/2047	15,087	15,982	895	264
8/1/2047	15,087	15,982	895	257
2/1/2048	15,087	15,982	895	251
8/1/2048	15,087	15,982	895	245
2/1/2049	15,087	15,982	895	239
8/1/2049	15,087	15,982	895	233
2/1/2050	15,087	15,982	895	227
8/1/2050	15,087	15,982	895	221
Total	834,551	884,318	49,766	26,528

- 1) Assumes market conditions as of August 18, 2022. The analysis assumes a) bonds are issued November 15, 2022, b) level debt service over 55 semi-annual periods, which is an approximation for a typical securitization structure over a 28 year term. Totals may not add due to rounding.
- 2) Securitized Bonds assume an all-in interest cost of 5.11% which is inclusive of Upfront and Ongoing Financing Costs.
- 3) Non-Securitized Financing assumes an interest rate of 5.66% based on the Thomson Reuters Baa Corporate Yield index for a 15 year bond. 15 years was selected as an approximation for the average life of the Securitized Financing which is estimated to be 17 years. Upfront and Ongoing Financing Costs are ignored (assumed to be zero) for purposes of this analysis.
- 4) Present Value savings calculated using a discount rate of 5.11%.