



CBG LMO-Loan Administration
NC-WES-01-C
6873 N. West Avenue, Suite 102
Fresno, CA 93711

STATEMENT OF ACCOUNT

TO: Klaas Talsma Anastasia Thiele Talsma Two Sisters Dairy, LLC 7469 CR 209 Hico, TX 76457	Office: Fresno CBG LMO-Loan Administration
	Loan/Acct. No. 1060892136
	Date: January 5, 2022
	Phone: 951-256-5565
	Contact: Ron Pelster

Due Date	Description or Reason	Total Amount Paid
Closing	Interest/principal to be paid current at closing #208(Op RLOC)	\$TBD
Closing	Extension loan fee	\$5,000.00
Closing	Estimated – Outside Counsel fees to 01/14/22	\$6,750.00
TOTAL AMOUNT DUE:		\$TBD

Please remit your payment to:

BANK OF THE WEST
CBG LMO-Loan Administration NC-WES-01-C
6873 N. West Avenue, Suite 102
Fresno, CA 93711

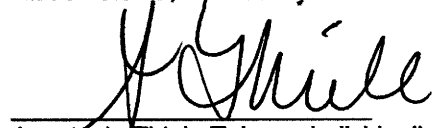
or

By signing below, we hereby authorize Bank of the West to debit our DDA account number 048247589 for the amount due above.

* Borrower acknowledges that amounts stated above may be estimated charges or may otherwise be subject to change prior to closing. If the actual amount of an item is less than stated in this Statement, Lender shall, at Lender's option, either credit the difference to Borrower's DDA account number 048247589 or refund the difference to Borrower via check. If the actual amount of an item is more than stated in this Statement, Borrower is responsible for the additional amount. The undersigned authorizes Lender, at Lender's option, to either debit Borrower's DDA account number 048247589 or create an Advance under the Loan to pay such additional amount. Alternatively, Lender may, at its option, send an invoice to Borrower for such additional amount and Borrower agrees to pay such additional amount within 30 days of receipt of such invoice.

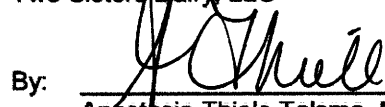
Borrower(s):

Klaas Talsma, individually



Anastasia Thiele Talsma, individually

Two Sisters Dairy, LLC

By: 

Anastasia Thiele Talsma, Manager

UNANIMOUS CONSENT OF SOLE MEMBER OF
TWO SISTERS DAIRY, LLC

The undersigned, being the sole Member of **Two Sisters Dairy, LLC**, a Texas limited liability company (the "Company"), hereby adopts the following resolutions and transacts the following business of the Company, in lieu of a Special Meeting of the Company:

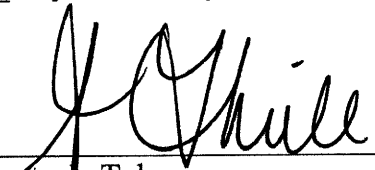
RESOLVED, that Anastasia Talsma, as manager of the Company, may execute and deliver a Modification Agreement (January 2022) and other documents revising the terms, and extending the maturity, of a loan (the "Loan") made by Bank of the West ("Lender") jointly to the Company, Klaas Talsma and Anastasia Talsma, in the manner described in that Modification Agreement (January 2022); and

RESOLVED FURTHER, that the undersigned Member is of the opinion that the Company's execution and delivery of all this Modification Agreement (January 2022) in order to extend and further secure the repayment of the Loan to the Bank will benefit, directly or indirectly, the Company; and

FURTHER RESOLVED, that all acts, transactions, and/or agreements undertaken prior to the adoption of these resolutions by the undersigned Member or by any of the officers of the Company in connection with the transactions contemplated described above are hereby authorized, adopted, ratified, confirmed and approved by the Company; and

RESOLVED FURTHER, that the Company shall take any and all further actions and execute such other documents as may be required by Lender or King Abstract Company in connection with the foregoing transactions; the undersigned Member and any officer of the Company are authorized to execute, on behalf of the Company, any such documents, instruments or certificates in connection with the foregoing transactions, and all of such documents, instruments and certificates shall become, upon execution and delivery, the binding act of the Company.

This Consent is dated as of the _____ day of January, 2022, to be effective for all purposes as of January 5, 2022.



Anastasia Talsma
Sole Member of Two Sisters Dairy, LLC

MODIFICATION AGREEMENT – JANUARY 2022

THE STATE OF TEXAS §
 §
COUNTY OF ERATH §

This Modification Agreement – January 2022 (the "Agreement") is executed by and among **Klaas Talsma, Anastasia Thiele Talsma, and Two Sisters Dairy, LLC**, a Texas limited liability company (collectively, the "Borrowers"), and **Bank of the West** (the "Lender"), for the purposes and consideration set forth herein.

Recitals

WHEREAS, Lender has previously extended credit to the Borrowers in the form of various loans (collectively, the "Loans") which are evidenced and/or secured by, among other things, the following instruments:

- (a) Amended and Restated Operating Line of Credit Note dated March 29, 2021 (the "Note") in the principal amount of \$6,800,000;
- (b) Deed of Trust, Security Agreement, Assignment of Rents, and Financing Statement encumbering a 100-acre tract and an easement across an adjoining tract, dated September 17, 2019, and recorded at Doc. No. 2019-05501 in the Official Public Records of Erath County, Texas;
- (c) Loan and Security Agreement dated March 29, 2021 (the "Loan Agreement"), as well as any security agreements and financing statements executed or filed in connection with any loans from Lender to any Borrower. Except as expressly modified herein, the terms and conditions of the Loan Agreement shall continue in full force and effect;
- (d) Modification Agreement 2021, dated and effective as of July 31, 2021;
- (e) Deed of Trust, Security Agreement, Assignment of Rents, and Financing Statement (2021) dated July 31, 2021, encumbering seven separate tracts in Erath County, recorded at Doc. No. 2021-08375 in the Official Public Records of Erath County, Texas;
- (f) Collateral Assignment of Note and Liens dated July 31, 2021, and an Acknowledgment thereof signed by Bay Minette Energy LLC.

WHEREAS, this Agreement and all documents and instruments executed and/or delivered as security for or otherwise in connection with the Loans (including those referenced above) are herein collectively called the "Loan Documents" and are hereby incorporated by this reference for all purposes, to the same extent as if set out herein verbatim; and

WHEREAS, the Borrowers and Lender desire to make certain modifications to the Loan Documents as set forth below.

NOW, THEREFORE, in consideration for the sum of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration, Borrowers and Lender each acknowledge and agree as follows:

1. Current Balance of Loan. The outstanding principal balance of the Note as of the date of this Agreement is \$6,630,000.00, which amount does not include any accrued interest and/or expenses which might be outstanding and unpaid.

2. New Interest Rate and Maturity Date; Extension Fee. Commencing on the effective date of this Agreement, the interest rate on the Note shall be 3.01448% (the "Margin") above the Daily Simple SOFR Rate (as defined in Section 8 below), subject to the conditions set forth in Section 5(a) below. The new maturity date of the Note shall be July 5, 2022, conditioned on Borrowers' payment of a \$20,000 extension fee. Borrower shall pay (i) \$5,000 of this extension fee upon the execution of this Agreement by all parties, and (ii) the remaining \$15,000 of this extension fee on July 5, 2022; *provided however*, the remaining \$15,000 of this extension fee shall be waived if the Note has been paid in full by July 5, 2022.

3. Forbearance. Lender agrees to forbear on the following financial covenant defaults that currently exist under the Loan Documents, pursuant to the conditions below:

- The existing Farm Credit loan to Borrowers of approximately \$870,000, which (i) exceeds the dollar limitation on Senior Funded Indebtedness set forth in Section 4.21 of the Loan and Security Agreement, and (ii) violates the prohibition on granting liens to third parties set forth in Section 4.29 of the Loan and Security Agreement; and
- Borrowers' \$4 million investment with Proton Power, which had violated the covenant prohibiting investments in third parties set forth in Section 4.23 of the Loan and Security Agreement.
- The judgment rendered in favor of Granite Financial Advisors LLC against Klaas Talsma in a lawsuit styled *Granite Financial Advisors LLC v. Klaas Talsma, et al.*, Cause No. CV36074 in the 266th District Court of Erath County, Texas; *provided however*, Mr. Talsma shall continue to timely pay all installments required by the Mutual Settlement and Release Agreement between Granite Financial and Mr. Talsma dated July 9, 2021. This Judgment had constituted an Event of Default pursuant to Section 5.1(k) of the Loan Agreement.
- The mechanics' and materialmen's lien claims and affiliated deed of trust affecting property owned by Two Sisters Dairy, Inc., which constitute breaches of covenant pursuant to Section 4.28 of the Loan Agreement:

1) Lien Affidavit recorded under Doc. No. 2019-01388 and Deed of

Trust recorded under Doc. No. 2020-00545 in favor of Crest Structures, LLC; and

- 2) Lien Affidavit recorded under Doc. No. 2019-03376, and related lawsuit filed by Elliott Electrical Supply, Inc.

Conditioned upon (i) Borrowers' satisfaction of the other terms and conditions set forth herein, and (ii) no additional default occurring under the Loan Documents or this Agreement, then prior to July 5, 2022, Lender (a) will not undertake any of its remedies under the terms of the Loan Documents on account of the foregoing financial covenant defaults, and (b) will charge interest on the Loans at the pre-maturity contract rate (as may be amended herein). *Provided however*, in the event that either (i) Borrowers fail to satisfy the conditions set forth herein, or (ii) an additional default occurs under the Loan Documents or this Agreement, then Lender may, in its sole discretion, undertake any of its remedies under the terms of the Loan Documents, including acceleration of maturity of the Note, charging the default interest rate, and/or foreclosure of liens on any of the collateral pledged to secure repayment of the Loans.

4. Borrowers' Other Obligations. Borrowers shall continue to (i) timely pay all ad valorem taxes, insurance premiums, and other obligations and liabilities required to be paid under the Loan Documents, and (ii) perform all covenants under the Loan Documents.

5. Sale and Buy-Back of 500-Acre Tract. The Borrowers have advised Lender that they are currently negotiating (i) a cash sale of the 500-acre tract (the "500-acre tract") currently owned by Two Sisters Dairy, LLC to O&B Farms, Inc. ("O&B Farms"), and (ii) the buy-back of that same 500-acre tract, with the purchase price to be evidenced by a purchase-money promissory note (the "O&B Note") payable to O&B Farms.

- a. Lender hereby consents to Borrowers' sale of the 500-tract, and will sign a partial release of its lien on that 500-acre Tract, conditioned upon the payment of \$2,500,000 to Lender at the closing of that sale, to be applied to the balance of the Note. Upon the closing of this sale and the Lender's receipt of the \$2,500,000 pay-down, the commitment on the Note shall be \$4,300,000. It is further agreed that, if Borrowers fail to close this sale and to pay down the Note by at least \$2,500,000 on or before March 1, 2022, then the Margin shall increase by one percent (1%) per annum, from 3.01448% to 4.01448%, effective as of March 1, 2022.
- b. Lender also consents to Borrowers' buy-back of the 500-tract and waives any financial covenant defaults under the Loan Agreement that result from the Borrowers' execution of the O&B Note; *provided however*, this financial covenant waiver is further conditioned as follows:
 - Lender's waiver of financial covenant defaults relating to the O&B Note shall expire on July 5, 2022, the new maturity date for the Bank's loan;
 - The O&B Note must provide for a long-term payout on ordinary business terms acceptable to Lender;

- Borrowers agree not to prepay the O&B Note, and O&B Farms agrees not to accept any such prepayments; and
- O&B Farms agrees to give Lender prompt written notice if Borrowers were to default on the O&B Note.

6. Reaffirmation. Except as expressly modified in this Agreement, the Borrowers each reaffirm all of their respective representations, warranties, covenants, and agreements set forth in the Loan Documents, with the same force and effect as if each were separately stated herein and made as of the date hereof. Borrowers agree that the Recitals set forth at the beginning of this Agreement are true and correct. Borrowers further acknowledge and represent that (i) there are no existing claims, defenses or rights of setoff with respect to any of the Loan Documents, and (ii) no event has occurred and no condition exists which would constitute a default under any of the Loan Documents. This Agreement modifies the Loan Documents, but in no way acts as a release or relinquishment of the liens securing payment of the Note, and all such liens are hereby renewed, extended, ratified, confirmed and carried forward by Borrowers in all respects.

7. No Claims or Defenses to Loans; Release of Any Claims by Borrowers. Borrowers each warrant that none of them have any claims against Lender, defenses to any of the Loans (other than payments made thereon), or rights of setoff or recoupment with respect to any of the Loans. Borrowers further acknowledge and represent that, except for the defaults described above, no other event has occurred, and no other condition exists that would constitute a default under the Loan Documents. This Agreement is not a novation with respect to the Loan Documents. This Agreement modifies the Loan Documents, but in no way acts as a release of any party from liability, nor a release or relinquishment of any liens securing payment of the Loans, including without limitation the liens described in the Loan and Security Agreement. All such existing liens are hereby renewed, extended, ratified, confirmed, and carried forward by Borrowers in all respects.

Borrowers hereby waive, release and discharge the Lender (along with Lender's officers, agents, affiliates, and attorneys) from any and all claims, charges, claims for relief, demands, suits, actions and causes of action, whether in law, equity, contract or tort, which Borrowers could assert at common law or under any statute, rule, regulation, order or law, whether federal, state or local, on any ground whatsoever, whether or not known, suspected, liquidated, contingent or matured, with respect to any event, matter, claim, occurrence, damages or injury arising out of, or associated with, any of the Loan Documents. Borrowers understand that they may later discover claims or facts that may be different from, or in addition to, those that they now know or believe to exist, and which, if known at the time of signing this Agreement, may have materially affected this Agreement and Borrowers' decision to enter into it. Nevertheless, the Borrowers intend to fully, finally, and forever release all such claims that now exist, may exist, or previously existed, whether known or unknown, foreseen or unforeseen, or suspected or unsuspected, and the release given herein is and will remain in effect as a complete release, notwithstanding the discovery or existence of such additional or different facts. Borrowers hereby waive any right or remedies that might arise as a result of such different or additional claims or facts. Borrowers have been made aware of, and understand, the provisions of California Civil Code Section 1542 ("Section 1542"), which

provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR." Borrowers expressly, knowingly, and intentionally waive any and all rights, benefits, and protections of Section 1542 and of any other state or federal statute or common law principle limiting the scope of a general release.

8. Secured Overnight Financing Rate – Definitions.

"Alternate Base Rate" shall mean, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day or, (b) the Federal Funds Rate in effect on such day plus $\frac{1}{2}$ of 1% (or, if such date is not a Business Day, the immediately preceding Business Day). Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Rate shall be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Rate, respectively.

"Benchmark" shall mean, initially, Daily Simple SOFR Rate; provided that if a replacement of the Benchmark has occurred as provided in this Note, then "Benchmark" means the applicable Benchmark replacement to the extent that such Benchmark replacement has replaced such prior Benchmark (initially Daily Simple SOFR Rate) pursuant to the terms of this Note. Any reference to "Benchmark" shall include, as applicable, the published component used in the calculation thereof.

"Benchmark Replacement Conforming Changes" means any technical, administrative or operational changes (including, without limitation, changes to the definition of SOFR, the timing and frequency of determining rates and making payments of interest, prepayment provisions and other technical, administrative or operational matters) that the Lender decides may be appropriate to reflect the adoption and implementation of a Benchmark replacement and to permit the administration thereof by the Lender.

"Benchmark Unavailability Period" shall mean the period of time (i) commencing on the date, as determined by Lender in its sole discretion, that the Benchmark has become unavailable or unreliable, either temporarily, indefinitely, or permanently, during the term of this Note and either (a) a Benchmark replacement has not been designated by the Lender as provided in this Note or (b) the Benchmark replacement so designated by the Lender has not yet become effective, and (ii) ending on the date that the either (a) the Lender determines that the Benchmark has become available again, or (b) the Benchmark replacement designated by the Lender becomes effective.

"Business Day" shall mean a day, other than a Saturday or Sunday, on which commercial banks are open for business in California.

"Daily Simple SOFR Rate" means, for any day, a rate per annum equal to the secured overnight financing rate for such SOFR Day that is five (5) SOFR Days (or such other lookback or observation period as determined by the Lender from time to time in its sole discretion) prior to

such SOFR Day as published by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate) on the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org> (or any successor source for the secured overnight financing rate identified as such by the administrator of the secured overnight financing rate from time to time), provided that if the Daily Simple SOFR Rate has not been published for such SOFR Day, and a Benchmark Replacement has not occurred, then the Daily Simple SOFR Rate for such SOFR Day will be the Daily Simple SOFR Rate as published on the first preceding SOFR Day, provided that any Daily Simple SOFR Rate determined pursuant to this provision shall be utilized only for three (3) consecutive SOFR Days. In determining the Daily Simple SOFR Rate, the Lender may round the Daily Simple SOFR Rate to fewer than five, but not less than two, decimal places at the Lender's discretion, and except as set forth below, if the Daily Simple SOFR Rate is less than the Floor Rate (as hereinafter defined), the "Daily Simple SOFR Rate" shall be deemed to be the Floor Rate. Notwithstanding the foregoing, the deemed Floor Rate shall not apply to interest accruing on any portion of the principal outstanding under this Note that is subject to a Swap Contract.

"Federal Funds Rate" shall mean, for any day, the weighted average (rounded upwards, if necessary to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding 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 (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Lender from three Federal funds brokers of recognized standing selected by it.

"Floor Rate" shall mean the rate of 0.00% per annum.

"Prime Rate" shall mean the rate per annum from time to time established by the Lender as the Prime Rate and made available by the Lender at its main office or, in the discretion of the Lender, the base, reference or other rate then designated by the Lender for general commercial loan reference purposes, it being understood that such rate is a reference rate, not necessarily the lowest, established from time to time, which serves as the basis upon which effective interest rates are calculated for loans making reference thereto.

"SOFR" means with respect to any SOFR Day, the secured overnight financing rate published for such SOFR Day by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

"SOFR Day" means any day except for (i) Saturday or Sunday or (ii) a day on which the Securities Industry and Financial Markets Association or any successor thereto recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

"Swap Contract" shall mean an interest rate derivative agreement, such as an interest rate swap contract, interest rate cap transaction or other agreement between Borrower and the Lender

for the purpose of hedging the variable interest rate risk on the principal balance outstanding under this Note, including pursuant to an ISDA Master Agreement, Schedule to ISDA Master Agreement and confirmation letter agreement.

If the Lender determines, in its sole discretion, that the Benchmark has or may become unavailable or unreliable, either temporarily, indefinitely, or permanently, during the term of this Note, the Lender may, in its sole discretion, designate a replacement to the Benchmark. The Lender may also adjust the Margin (which may include a spread adjustment) to accompany the Benchmark replacement. The adjustment of the Margin may be a positive or negative value, or zero. Any Benchmark replacement and adjustment of the Margin will become effective and bind Borrower without any action or consent of Borrower. In connection with the selection and implementation of any such Benchmark replacement and any adjustment of the Margin, the Lender may make any Benchmark Replacement Conforming Changes that lender decides may be appropriate. The Lender does not warrant or accept any responsibility for the administration or submission of, or any other matter related to Daily Simple SOFR Rate or with respect to any such Benchmark replacement, including without limitation whether any such Benchmark replacement will have the same value as, or be economically equivalent to, Daily Simple SOFR Rate. The Lender's internal records of applicable interest rates shall be determinative in the absence of manifest error.

Additionally, if a Benchmark Unavailability Period occurs, then during such Benchmark Unavailability Period, interest shall accrue on the outstanding principal balance at an annual rate equal to the sum of the Alternate Base Rate plus the Margin; provided that, the Lender may change and adjust the margin to accompany the Alternate Base Rate.

During any period of time in which interest on the Note is accruing on the basis of the Daily Simple SOFR Rate the Borrower shall, upon the Lender's request, promptly pay to and reimburse the Lender for all costs incurred and payments made by the Lender by reason of any future assessment, reserve, deposit or similar requirement or any surcharge, tax or fee imposed upon the Lender or as a result of the Lender's compliance with any directive or requirement of any regulatory authority pertaining or relating to funds used by the Lender in quoting and determining the Daily Simple SOFR Rate.

Borrower may prepay amounts outstanding under this Note in whole or in part, provided that: (A) such prepayment shall also include any Prepayment Cost (defined below), and (B) unless otherwise agreed to by the Lender in writing, the Lender may, at the Lender's sole discretion, elect not to accept a prepayment unless Borrower has given the Lender not less than five (5) Business Days prior written notice of Borrower's intention to make such prepayment. "Prepayment Cost" means the amount necessary to compensate the Lender for the loss, cost and expense attributable to such prepayment (including, as a result of the application of any collateral proceeds), as reasonably determined by the Lender from time to time.

9. Miscellaneous.

- a) Any default under this Agreement shall also constitute a default under the Loan and

Security Agreement.

- b) Time is of the essence with respect to all obligations of Borrowers under the Loan Documents and this Agreement.
- c) No person or entity who is not a signator hereto shall be considered a third-party beneficiary of this Agreement.
- d) This Agreement may be signed in multiple counterparts, and shall not become effective unless and until (i) it is signed by all parties, (ii) it is delivered to Lender, and (iii) the conditions set forth in section 2 have been satisfied.
- e) This Agreement shall be binding upon and inure to the benefit of the Lender, Borrowers, and their respective heirs, legal representatives, successors, and assigns. *Provided however*, none of the Borrowers can assign any of their rights under the Loan Documents without the express written consent of Lender, which consent may be exercised in Lender's sole discretion.
- f) This Agreement may be signed and delivered to other parties by email, followed by the delivery to Lender of a signed original counterpart.
- g) The terms and conditions of the Loan Documents and this Agreement can be modified or waived only if such modification or waiver is in writing and signed by Lender. In the event that Lender elects to accept late payments under any of the Loans, that shall not constitute a waiver of Lender's right to insist on timely payments or of Lender's remedies under the Loan Documents.

10. No Oral Agreements. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS CONSTITUTE A "WRITTEN LOAN AGREEMENT" WITHIN THE MEANING OF SECTION 26.02 OF THE TEXAS BUSINESS AND COMMERCE CODE, REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

Dated and Effective as of January 5, 2022.



Anastasia Thiele Talsma

TWO SISTERS DAIRY, LLC

By: 

Anastasia Thiele Talsma
President and Manager

Klaas Talsma

BANK OF THE WEST

By: Ronald D. Pelster
Ron Pelster, Vice President

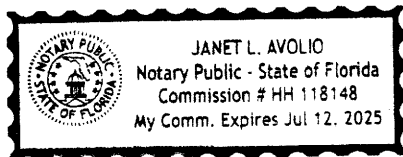
THE STATE OF TEXAS §
 §
COUNTY OF ERATH §

This instrument was acknowledged before me on January __, 2022, by Klaas Talsma.

Notary Public in and for
The State of TEXAS

THE STATE OF Florida §
 §
COUNTY OF Palm Beach §

This instrument was acknowledged before me on January 18, 2022, by Anastasia Thiele Talsma, individually and as the president and manager of Two Sisters Dairy, LLC, in each of those capacities.



Janet L. Avolio
Notary Public in and for
The State of TEXAS