

**CONTRACT OF GUARANTY
IN LIEU OF RESIDENTIAL SERVICE CASH DEPOSIT**

PART I — GUARANTOR INFORMATION (PLEASE PRINT LEGIBLY)

Name _____

TDL # _____ Telephone # _____

Address _____

_____, TX _____

Account Number (if applicable) _____

PART H — CUSTOMER INFORMATION (PLEASE PRINT LEGIBLY)

Name _____

Service Address _____

_____, TX _____

Account Number _____

PART M — TERMS AND PROVISIONS

WITNESSETH: That, Fayette Electric Cooperative, Inc., (hereinafter called "Cooperative"), as a condition to supplying residential electric service to the above named Customer, has requested Customer to establish credit by making a cash deposit with the Cooperative to secure payment for said service, or in lieu of a deposit at this time, to furnish a satisfactory guarantor for payment of charges for said services:

NOW, THEREFORE, the undersigned GUARANTOR, a member of the Cooperative, residing or doing business at the address shown above, in consideration of and as a condition precedent to the Cooperative furnishing or continuing to furnish Customer with electric service without requiring a deposit at this time, hereby absolutely, irrevocably, and unconditionally GUARANTEES to the Cooperative the PAYMENT BY CUSTOMER OF ALL CHARGES FOR ELECTRIC SERVICE of all kinds whatsoever, for which Customer may become liable, without regard to any forbearance, delay, neglect, or failure on the part of the Cooperative in enforcing same, up to a maximum amount of \$ _____.

This contract of guaranty shall apply to all services furnished to Customer, whether presently or as applied for, and any additional services which Customer may from time to time be furnished during the term of this contract. Guarantor agrees that the provisions or terms on any service agreement between the Cooperative and Customer may be altered, extended, changed, modified, renewed, released, or canceled with or without release of the Customer from liability or obligations, all without the consent of Guarantor, and Guarantor agrees that this contract of guaranty and the liability of Guarantor hereunder shall in no way be affected, diminished, or released thereby. Guarantor shall not be entitled to make any defense which the Customer could not make or invoke against any claim asserted by the Cooperative in any suit or other action instituted by the Cooperative to enforce this contract of guaranty or the obligations of the Customer for service rendered to the Customer or to be excused from any liability hereunder, and Guarantor hereby expressly waives any defense in law or in equity which is not or would not be available to the Customer, it being the intent hereof that the liability of Guarantor hereunder is primary and unconditional.

Guarantor further COVENANTS AND AGREES that, if Customer at any time shall be in default in the payment of the charges for said services, the Guarantor will immediately pay all outstanding charges to the Cooperative, up to the maximum amount stated herein. In the event Guarantor defaults in making such payment, Guarantor agrees that the amount due from customer, up to the maximum amount stated herein, may be transferred to any account that Guarantor has with the Cooperative. Guarantor further UNDERSTANDS, COVENANTS, AND AGREES that Guarantor's electric service, if any, is by this contract made subject to SUSPENSION OR DISCONNECTION in accordance with the Cooperative's service regulations if all charges guaranteed herein, including the charges due from Customer which have been transferred to Guarantor's account, are not promptly paid when due.

The Cooperative's right of suspension or disconnection of Guarantor's service pursuant to this contract and its exercise or non-exercise of that right shall not constitute a waiver of the Cooperative's right to bring suit against Guarantor to enforce Guarantor's obligations herein assumed, and the Cooperative reserves the right to undertake such other actions as the Cooperative may have the right to take in order to enforce or protect its rights.

If service is disconnected as described above, the Cooperative shall have the further right to refuse to provide service to the Guarantor, or in the alternative to require an additional deposit from Guarantor, to require payment of the service reconnect fee set out in the Cooperative's tariff, to require payment in full of all past due amounts guaranteed under this contract, or any combination or all of the foregoing, before reconnecting and providing service to the Guarantor. If Guarantor is not a customer of the Cooperative, and if all charges guaranteed herein are not promptly paid when due, the Cooperative shall have the right to refuse to provide service to the Guarantor if Guarantor later applies for electric service from the Cooperative

Guarantor hereby waives notice of acceptance of the guaranty, notice of default and non-payment by Customer, notices required by law or under the terms and provisions of any service rules, regulations, or agreements to be given to the Customer, demand and presentment to Guarantor for payment (except as required by the Cooperative's service regulations prior to suspension of Guarantor's service), proceeding first against the Customer or to exhaust any remedy that the Cooperative has against the Customer (it being understood that Guarantor's liability herein is primary), and protest and diligence in bringing suit against Guarantor or Customer. Guarantor consents that time of payment may be extended by the Cooperative without notice thereof. If suit is brought to enforce Guarantor's obligation herein assumed, Guarantor agrees to be further liable and indebted for the court costs and reasonable attorney fees thereby incurred. Guarantor further agrees to be liable and indebted for all collection agency fees, reasonable attorneys fees, or other costs or expenses incurred in collecting the amounts due from Guarantor or from Customer.

The provisions of this contract are severable and if any provision or the applicability thereof is ever held by a court or other governmental authority of competent jurisdiction to be invalid or unenforceable for any reason, the remainder of this contract and the application of such provisions shall not be affected thereby.

This contract of guaranty shall remain in full force and effect except as provided herein. If the Customer has paid bills for 12 consecutive residential billings without having service

disconnected for nonpayment of bills and without having more than two occasions in which a bill was delinquent and the Customer is not delinquent in the payment of current bills, this contract shall then be terminated, provided, however, that Guarantor's liability hereunder shall remain in effect after the termination of this contract with respect to any and all charges for services incurred by Customer at any time prior to the effective date of the termination of this contract.

This contract of guaranty shall in no event, whether by reason of demand for payment or otherwise, cause the Cooperative to have received any consideration, payment, thing of value, or otherwise that is deemed to be interest by applicable law in excess of the maximum lawful amount, any such payment, consideration, thing of value, or otherwise to the extent in excess of the maximum lawful amount shall be applied to the reduction of the principal obligation and not to the payment of interest, or if such excessive deemed interest exceeds the unpaid balance of principal obligation then such excessive deemed interest shall be reduced, eliminated, or refunded so that there is no deemed interest in excess of the maximum lawful amount, or to the extent permitted by applicable law such excessive deemed interest shall be amortized, pro-rated, allocated, or spread throughout the full period until payment in full of the principal obligation (including any renewal or extension hereof) so that the deemed interest for such full period shall not exceed the maximum lawful amount.

If Guarantor is a corporation, partnership, or other legal entity, the representative executing this contract on behalf of Guarantor represents and warrants that said representative is duly authorized to execute this contract of guaranty and to bind Guarantor to the obligations expressed herein, and that Guarantor has the legal authority to enter into and be bound by an unconditional guaranty.

Guarantor agrees that this contract is performable in Fayette County, Texas, and waives the right to be sued elsewhere.

This contract and each of its terms shall bind and inure to the benefit of the parties hereto, and their respective heirs, executors, legal representatives, successors, and assigns. The parties have caused this agreement to be executed in duplicate originals, each of which shall constitute and be an original agreement.

Executed this _____ day of _____, 19_____.

Signature of
Individual as Guarantor: _____

Signature of Representative
of Corporation, Partnership,
or Other Legal Entity as
Guarantor:

By: _____

Title: _____

Accepted by: _____

Authorized Representative of
Fayette Electric Cooperative, Inc.