

THIS NOTE AND ANY SECURITIES TO BE ISSUED PURSUANT TO THE TRANSACTIONS CONTEMPLATED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “ACT”). THE SECURITIES REPRESENTED HEREBY MAY NOT BE SOLD, TRANSFERRED, OFFERED FOR SALE, PLEDGED, ASSIGNED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS AND REGULATIONS OR EVIDENCE SATISFACTORY TO COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT OR APPLICABLE STATE SECURITIES LAWS AND REGULATIONS.

### CONVERTIBLE PROMISSORY NOTE

\$ AMOUNT HERE

Pewee Valley, Kentucky

DATE HERE

**Sheltowee Business Network, LLC**, a Kentucky limited liability company (“Company”), the principal office of which is located at 7605 Woodridge Drive, Pewee Valley, Kentucky 40056, for value received, hereby promises to pay to the order of **INVESTOR**, a **ENTITY OR INDIVIDUAL** company with an address of **INVESTOR ADDRESS HERE**, or its registered assigns (“Holder”), the sum of **AMOUNT HERE (\$AMOUNT HERE)**, or such lesser amount as shall then equal the outstanding principal balance hereof and any unpaid accrued interest hereon, as set forth below, by **DATE HERE** (the “Maturity Date”). Payment for all amounts due under this Convertible Promissory Note (this “Note”) hereunder shall be made by mail in immediately available funds to Holder at the address as set forth above or by ACH.

The following is a statement of the rights of Holder and the conditions to which this Note is subject, and to which Holder, by the acceptance of this Note, agrees:

#### ARTICLE 1. PRINCIPAL, INTEREST AND FEES

Subject to the provisions hereof, Company shall pay principal and any accrued interest thereon at the rate of eleven percent (20%) per annum in upon maturity of this note. Notwithstanding the foregoing, upon any Conversion (as detailed below) the entire outstanding principal amount and any and all accrued interest or other amounts due and owing under this Note shall be cancelled immediately.

All payments made on this Note shall be applied, at the option of Holder, first to late charges, fees and collection costs, if any, then to accrued interest and then to principal. After the Maturity Date or in the Event of Default (as defined below), if the principal balance of this Note is not repaid in full, interest shall continue to accrue on this Note at the rate set forth above and shall be payable on demand of Holder.

A late fee of \$250 will be payable to Holder for any monthly payment received after the fifth day of each calendar month. If the Note is not paid in full at the Maturity Date, the Note will continue to accrue \$250 late fees for each month a balance remains on the Note.

Notwithstanding anything in this Note to the contrary, the interest rate charged hereon shall not exceed the maximum rate allowable by applicable law. If any stated interest rate herein exceeds the maximum allowable rate, then the interest rate shall be reduced to the maximum allowable rate, and any

excess payment of interest made by Company at any time shall be applied to any unpaid outstanding principal balance of this Note.

## ARTICLE 2. DEFAULT

2.1 Rights Upon Default. The entire unpaid principal of this Note and the interest then accrued hereon shall become immediately due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein to the contrary notwithstanding, upon notice by Holder to Company in accordance with Article 7 (a “Default Notice”) if any event set forth in Section 2.2 (each an “Event of Default”) shall occur and be continuing as of the date of such Default Notice. In addition to any remedies provided hereunder, upon the occurrence and during the continuance of any Event of Default, Holder may exercise any other right power or remedy granted to it or permitted to it by law, either by suit in equity or by action at law, or both.

2.2 Events of Default. It shall be an Event of Default if:

- (a) default shall be made in the payment of interest or principal on this Note as and when due;
- (b) Company fails to observe or perform any of its material obligations contained in this Note and such failure is not cured within 60 days of Company’s receipt of a Default Notice;
- (c) Company (i) makes a general assignment for the benefit of creditors, (ii) applies for, consents to, acquiesces in, files a petition or an answer seeking, or admits (by answer, default or otherwise) the material allegations of a petition filed against it seeking the appointment of a trustee, receiver, liquidator or assignment in bankruptcy or insolvency of itself or of all or a substantial portion of its assets, or a reorganization, arrangement with creditors or other remedy, relief or adjudication available to or against a bankrupt, insolvent or debtor under any bankruptcy or insolvency law or any law relating to relief of debtors, or (iii) admits in writing its inability to pay its debts as they become due; or
- (d) a decree, order or judgment shall have been entered adjudging Company as bankrupt or insolvent, or appointing a receiver, liquidator, trustee or assignee in bankruptcy or insolvency for it or for all or a substantial portion of its assets, or approving a petition seeking a reorganization, arrangement, or the winding-up or liquidation of its affairs on the grounds of insolvency or nonpayment of debts, and such decree, order or judgment shall remain undischarged and unstayed for a period of 30 days.

## ARTICLE 3. CONVERSION

3.1 Optional Conversion. At any time prior to this Note being paid in full before or on the Maturity Date, Holder may convert this Note (a “Conversion”) into newly issued Units of Participation (or shares in the instance of a corporation) in the companies that are participating in the Sheltoewe Venture Debt Program (hereafter, “PARTICIPANTS”) as explicitly stated by Company, as further defined and calculated below(the “Interests”).

3.2 Conversion Procedures. Upon any Conversion, Holder covenants and agrees to surrender this Note, duly endorsed, to the Company. Additionally, Holder covenants and agrees to: (a) sign a joinder to Participant’s Operating Agreement (the “Participant Operating Agreement”) agreeing to be bound by the terms and provisions of the Participants Operating Agreement with respect to the Interests acquired by Holder upon a Conversion; and (b) execute and deliver such other documents as Participants may reasonably request. The Conversion will be based on the Interests being issued based on a valuation of the Participants equal

to the value provided in the Participants Conversion Agreement, which has been provided in a separate agreement (“Agreed Value”). Holder shall calculate the balance of the Note, plus any accrued interest and fees allocable hereto or any related agreement between Company and Holder (“Total Balance”), and the Interests issued by the Participant will be calculated by (i) solving a fraction where the numerator is the Total Balance and the denominator is the Agreed Value and then (ii) multiplying said amount by the total Units of Participation issued and outstanding in the Participant to equal the percentage of Units of Participation that should be issued to Holder (the “Interim Percentage”), and then the Participant shall issue such amount of Units of Participation in the Participant so that the amount of Units of Participation issued to Holder will equal a percentage of ownership of the Units of Participation in the Participant equal to the Interim Percentage after issuance of the Interests.

3.3 Satisfaction of Note upon Conversion. Upon any Conversion, the entire outstanding principal amount and any and all accrued interest or other amounts due and owing under this Note shall be cancelled immediately, and Company and its affiliates shall be forever released from all of its obligations and liabilities under this Note upon any Conversion.

#### **ARTICLE 4. ASSIGNMENT**

The rights and obligations of Company and Holder shall be binding upon and benefit the successors, assigns, heirs, administrators and transferees of the parties, and Holder may not assign any of its rights or obligations under this Note except with Company’s prior written consent; provided, however, that Holder may assign this Note to any limited liability company wholly owned by Holder upon five (5) days prior written notice to the Company, so long as (a) such assignment is in a writing reasonably acceptable to Company and (b) such assignment would not violate any federal or state securities laws or otherwise require Company to register any of its securities.

#### **ARTICLE 5. WAIVER AND AMENDMENT**

No provision of this Note may be amended, waived or modified without the written consent of Company and Holder.

#### **ARTICLE 6. NOTICES**

Any notice, request or other communication required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered with confirmation of delivery to the applicable party to the address set forth in the first paragraph of this Note.

#### **ARTICLE 7. WAIVERS**

Company hereby waives presentment, demand, protest and notice of dishonor and protest, and also waives all other exemptions; and agrees that extension or extensions of the time of payment of this Note or any installment or part thereof may be made before, at or after maturity by agreement by Holder.

#### **ARTICLE 8. GOVERNING LAW; JURISDICTION; WAIVER OF JURY TRIAL; ATTORNEYS FEES**

This Note shall be governed by and construed in accordance with the laws of the State of Tennessee, without regard to the conflict of law principles thereof. In the event of a dispute involving the Transaction Documents (as defined below), each of Company and Holder agrees that venue for such dispute shall lie exclusively in any court of competent jurisdiction in Oldham County, Kentucky.

Each of Holder and Company acknowledges and agrees that any controversy which may arise under the Transaction Documents is likely to involve complicated and difficult issues, and, therefore, each of Company and Holder irrevocably and unconditionally waives any rights it may have to a trial by jury in

respect to any legal action arising out of or relating to this Note or the transactions contemplated hereby.

Company will pay, on demand, all reasonable attorney's fees and related expenses that Holder incurs in collecting or attempting to collect the indebtedness evidenced by this Note.

#### **ARTICLE 9. ENTIRE AGREEMENT**

This Note, the related Loan Agreement and any documents executed or delivered by Holder in connection herewith (including all related exhibits and schedules to this Note and such documents) (collectively, the "Transaction Documents") constitute the sole and entire agreement of Holder and Company with respect to the transactions contemplated thereby, and supersede all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter.

#### **ARTICLE 11. HOLDER'S REPRESENTATIONS; INDEMNIFICATION**

11.1 Holder's Representations. Holder hereby represents and warrants to Company as follows:

(a) Holder has full power and authority to enter into the Transaction Documents. The Transaction Documents, when executed and delivered by Holder, constitute the valid and legally binding obligations of Holder, enforceable in accordance with their terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and any other laws of general application affecting enforcement of creditors' rights generally;

(b) Holder confirms that this Note is (and any Interests which may be acquired by Holder will be) acquired for investment for Holder's own account, not as a nominee or agent, and not with a view to the resale or distribution, and that Holder has no present intention of selling, granting any participation in, or otherwise distributing this Note or the Interests. Holder does not presently have any, agreement or arrangement with any person

to sell, transfer or grant participations to such person or to any third person, with respect to this Note or the Interests;

(c) Holder understands that neither this Note nor the Interests have been, or will be, registered under the Securities Act of 1933, as amended (the “Act”), by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of Holder’s representations set forth in the Transaction Documents. Holder understands that this Note and the Interests are “restricted securities” under applicable state and federal securities laws and that, pursuant to these laws, Holder must hold this Note or the Interests indefinitely and may never be able to sell or transfer this Note or the Interests;

## **ARTICLE 12. COMPANY’S REPRESENTATIONS AND WARRANTIES**

12.1 Representations and Warranties of Company. In connection with the transactions contemplated by this Note, Company hereby represents and warrants to Holder as follows:

(a) Company is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Kentucky and has all requisite company power and authority to carry on its business as now conducted. Company is duly qualified to transact business and is in good standing in each jurisdiction in which the failure to so qualify or to be in good standing would have a material adverse effect on Company.

(b) Except for the authorization and issuance of the Interests in the Company, all company action has been taken on the part of Company and its officers, directors and members necessary for the authorization, execution and delivery of this Note. Except as may be limited by applicable bankruptcy, insolvency, reorganization or similar laws relating to or affecting the enforcement of creditors’ rights, Company has taken all company action required to make all of the obligations of the Company reflected in the provisions of this Note valid and enforceable in accordance with its terms.

(c) No rights of creditors exist that would infringe the ability of the Company to issue the Interests.

12.2 Indemnification. Company agrees to indemnify Holder and its officers, managers, unitholders, members, agents, representatives, subsidiaries and other affiliates (collectively, “Holder Indemnified Parties”) against, and hold each Holder Indemnified Party harmless from, all losses, claims, damages, liabilities, costs (including the costs of preparation and reasonable attorneys’ fees and expenses) and expenses incurred and as they become due by any Holder Indemnified Party and arising out of or in connection with (a) any breach or inaccuracy of any representation, warranty, statement or certification of Company set forth in any Transaction Document; (b) any breach or noncompliance by Company with any covenant or agreement of Holder contained in any Transaction Document; and (c) any and all actions, suits, proceedings, claims, demands, assessments and judgments incident to any of the foregoing.

12.3 Covenant of Company. After the execution of this Note and prior to any Conversion, Company will not, without the consent of Holder:

(a) modify or amend the Articles of Organization of the Company; or

(b) modify or amend the Operating Agreement of the Company dated September 5, 2019, in any way.

[SIGNATURE ON FOLLOWING PAGE]

**Final Version**

IN WITNESS WHEREOF, Company has caused this Note to be issued this **DATE** day of December, 2023.

**SHELTOWEE BUSINESS NETWORK, LLC**

By: \_\_\_\_\_  
Alex Day, Chief Executive Officer

**AGREED AND ACCEPTED:**

**HOLDER**

By: \_\_\_\_\_  
**INVESTOR**

Date: \_\_\_\_\_