Prepared by and after recording return to: Dennis L. Puckett
Sullivan & Ward, P.C.
801 Grand Ave., Ste. 3500
Des Moines, IA 50309
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DELAWARE COUNTY IOWA
FILED
2003 JA -6 AM 11: 17
BOOK 2003 PAGE 20
DEBORAH L BENTON
DELAWARE CO RECORDER
20.00

RUS PROJECT DESIGNATION:

IOWA 34-AM8 JONES

SUPPLEMENTAL MORTGAGE

made by and among

MAQUOKETA VALLEY RURAL ELECTRIC COOPERATIVE
109 North Huber Street
Anamosa, Iowa 52205-0370,

Mortgagor, and

UNITED STATES OF AMERICA
Rural Utilities Service
Washington, D.C. 20250-1500,

Mortgagee, and

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION
2201 Cooperative Way
Herndon, Virginia 20171-3025,

Mortgagee

Dated as of November 1, 2002

THIS INSTRUMENT GRANTS A SECURITY INTEREST IN A TRANSMITTING UTILITY.
THE DEBTOR AS MORTGAGOR IS A TRANSMITTING UTILITY.
THIS INSTRUMENT CONTAINS PROVISIONS THAT COVER REAL AND PERSONAL PROPERTY, AFTER-ACQUIRED PROPERTY, PROCEEDS, FUTURE ADVANCES AND FUTURE OBLIGATIONS.
NOTICE: THIS MORTGAGE SECURES CREDIT IN THE AMOUNT OF $50,000,000.00. LOANS AND ADVANCES UP TO THIS AMOUNT, TOGETHER WITH INTEREST, ARE SENIOR TO INDEBTEDNESS TO OTHER CREDITORS UNDER SUBSEQUENTLY RECORDED OR FILED MORTGAGES OR LIENS.
ORGANIZATIONAL NO. 42-0394605

SUPPLEMENTAL MORTGAGE, dated as of November 1, 2002 (hereinafter sometimes called this "Supplemental Mortgage"), is made by and among MAQUOKETA VALLEY RURAL ELECTRIC COOPERATIVE (hereinafter called the "Mortgagor"), a corporation existing under the laws of the State of Iowa, and the UNITED STATES OF AMERICA acting by and through the Administrator of the Rural Utilities Service (hereinafter called the "Government") and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (hereinafter called "CFC"), a corporation existing under the laws of the District of Columbia, and is intended to confer rights and benefits on both the Government and CFC, in accordance with this Supplemental Mortgage and the Original Mortgage (hereinafter defined) (the Government and CFC being hereinafter sometimes collectively referred to as the "Mortgagees").

RECITALS

WHEREAS, the Mortgagor, the Government and CFC are parties to that certain Restated Mortgage and Security Agreement (the "Original Mortgage" as identified in Schedule "A" of this Supplemental Mortgage) originally entered into among the Mortgagor, the Government acting by and through the Administrator of the Rural Utilities Service (hereinafter called "RUS"), and CFC; and

WHEREAS, the Original Mortgage as the same may have been previously supplemented, amended or restated is hereinafter referred to as the "Existing Mortgage"; and

WHEREAS, the Mortgagor deems it necessary to borrow money for its corporate purposes and to issue its promissory notes and other debt obligations therefor, and to mortgage and pledge its property hereinafter described or mentioned to secure the payment of the same, and to enter into this Supplemental Mortgage pursuant to which all secured debt of the Mortgagor hereunder shall be secured on parity, hereunder and under the Existing Mortgage (this Supplemental Mortgage and the Existing Mortgage, hereinafter sometimes collectively referred to as the "Mortgage"); and

WHEREAS, all of the Mortgagor's Outstanding Notes listed in Schedule "A" hereto are secured pari passu by the Existing Mortgage for the benefit of all of the Mortgagees under the Existing Mortgage; and

WHEREAS, the Existing Mortgage provides the terms by which additional pari passu obligations may be issued thereunder and further provides that the Existing Mortgage may be supplemented from time to time to evidence that such obligations are entitled to the security of the Existing Mortgage and to add additional Mortgagees; and

WHEREAS, by their execution and delivery of this Supplemental Mortgage the parties hereto do hereby secure the Additional Notes listed in Schedule "A" pari passu with the Outstanding Notes under the Existing Mortgage; and

WHEREAS, all acts necessary to make this Supplemental Mortgage a valid and binding legal instrument for the security of such notes and obligations under the terms of the Mortgage, have been in all respects duly authorized;

Now, Therefore, This Supplemental Mortgage Witnesseth: That to secure the payment of the principal of (and premium, if any) and interest on all Notes and all Notes issued hereunder according to their tenor and effect, and the performance of all provisions therein and herein contained, and in consideration of the covenants herein contained and the purchase or guarantee of Notes by the guarantors or holders thereof, the Mortgagor has mortgaged, pledged and granted a continuing security interest in, and by these presents does hereby grant, bargain, sell, alienate, remise, release, convey, assign, transfer, hypothecate, pledge, set over and confirm, pledge, and grant a continuing security interest in for the purposes hereinafter expressed, unto the Mortgagees all property, rights, privileges and franchises of the Mortgagor of every kind and description, real, personal or mixed, tangible and intangible, of the kind or nature specifically mentioned herein or any other kind or nature, except any Excepted Property, set forth on

Schedule "C" hereof owned or hereafter acquired by the Mortgagor (by purchase, consolidation, merger, donation, construction, erection or in any other way) wherever located, including (without limitation) all and singular the following:

A. all of those fee and leasehold interests in real property set forth in Schedule "B" hereto, subject in each case to those matters set forth in such Schedule; and

B. all of those fee and leasehold interests in real property set forth in Schedule "B" of the Existing Mortgage or in any restatement, amendment or supplement thereto, subject in each case to those matters set forth in such Schedule; and

C. all of the kinds, types or items of property, now owned or hereafter acquired, described as Mortgaged Property in the Existing Mortgage or in any restatement, amendment or supplement thereto as Mortgaged Property.

It is further Agreed and Covenanted That the Original Mortgage, as previously restated, amended or supplemented, and this Supplement shall constitute one agreement and the parties hereto shall be bound by all of the terms thereof and, without limiting the foregoing.

1. All capitalized terms not defined herein shall have the meaning given in Article I of the Existing Mortgage.

2. This Supplemental Mortgage is one of the Supplemental Mortgages contemplated by Article II of the Original Mortgage.

3. The Maximum Debt Limit for the Mortgage shall be as set forth in Schedule "A" hereto.

IN WITNESS WHEREOF, MAQUOKETA VALLEY RURAL ELECTRIC COOPERATIVE, as Mortgagor, has caused this Supplemental Mortgage to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers thereunto duly authorized, UNITED STATES OF AMERICA, as Mortgagee and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, as Mortgagee, have each caused this Supplemental Mortgage to be signed in their respective names by duly authorized persons, all as of this day and year first above written.

MAQUOKETA VALLEY RURAL ELECTRIC COOPERATIVE

by Bruce Reade, President

(Seal)

Attest: Eldon Burdin, Secretary

Executed by the Mortgagor
in the presence of:

Larry A. Swanson

K. Burdin Kimes

Witnesses

UNITED STATES OF AMERICA

by Sally K Price

Director - Northern
Regional Division
of the
Rural Utilities Service

Executed by United States of America,
Mortgagee, in the presence of:

Bert L Huntington BERT L. HUNTINGTON

D L R. F. Douglas P. Jenkins

Witnesses

NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION

by Charles t. Wilson

CHARLES WILSON
Assistant Secretary-Treasurer

(SEAL)

Attest: Eileen Iciek EILEEN ICIEK

Assistant Secretary-Treasurer

Executed by the above-named, Mortgagee, in the
presence of:

Robert D. Stephens

Bryan Russell

Witnesses

STATE OF IOWA)
) SS
COUNTY OF Polk)

On this 4th day of December, 20 02, before me a Notary Public in and for said County, personally appeared Bruce Reade and Eldon Busch to me personally known, who, being by me duly sworn, did say that they are the President and Secretary, respectively, of MAQUOKETA VALLEY RURAL ELECTRIC COOPERATIVE, a corporation, and the seal affixed to the foregoing instrument is the seal of said corporation, and that said instrument was signed and sealed on behalf of the said corporation by authority of its Board of Directors, and they acknowledged the execution of said instrument to be the voluntary act and deed of said corporation by it voluntarily executed.

Dennis Puckett
Notary Public

(Notarial Seal)

NOTARIAL SEAL IOWA
DENNIS L. PUCKETT
COMMISSION NO. 161565
MY COMMISSION EXPIRES
7-29-03

My commission expires:

DISTRICT OF COLUMBIA) SS

On this 28 day of October , 2002 , personally appeared before me SALLY R. PRICE , who, being duly sworn, did say that she is the Director - Northern Regional Division of the Rural Utilities Service, an agency of the United States of America, and acknowledged to me that, acting under a delegation of authority duly given and evidenced by law and presently in effect, she executed said instrument as the act and deed of the United States of America for the uses and purposes therein mentioned.

IN TESTIMONY WHEREOF I have heretofore set my hand and official seal the day and year last above written.

William A. Frost
Notary Public

(Notarial Seal)

William A. Frost
Notary Public, District of Columbia
My Commission Expires 04/14/2006

My commission expires: _____.

COMMONWEALTH OF VIRGINIA)
) SS
COUNTY OF FAIRFAX)

On this 5th day of November, 2002, before me appeared CHARLES WILSON, to me personally known, who, being by me duly sworn, did say that he is the ASSISTANT SECRETARY-TREASURER of the National Rural Utilities Cooperative Finance Corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors and said ASSISTANT SECRETARY-TREASURER acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

GWENDOLYN L. WOTRING NOTARY PUBLIC COMMONWEALTH OF VIRGINIA

(Notarial Seal)

Notary Public

GWENDOLYN L. WOTRING

My commission expires: MY COMMISSION EXPIRES JANUARY 31, 2005

Supplemental Mortgage Schedule A - Part One

Maximum Debt Limit and Other Information

1. The Maximum Debt Limit is $50,000,000.00.

2. The Original Mortgage as referred to in the first WHEREAS clause above is more particularly described as follows:

Instrument Title	Instrument Date	
Restated Mortgage and Security Agreement	February 2, 1998	BOOK 7-185
Supplemental Mortgage	April 3, 2000	BOOK 2000-1336

3. The Outstanding Notes referred to in the fourth WHEREAS clause above that are Government Notes are more particularly described as follows:

Loan Designation	Face Amount	Date	Final Maturity	% Rate[1]
AA2	$522,000.00	21 Sep 1972	21 Sep 2007	2.00
AB6	$354,000.00	7 Dec 1973	7 Dec 2008	5.00
AC6	$865,000.00	5 Mar 1975	5 Mar 2010	5.00
AD6	$865,000.00	2 Feb 1977	2 Feb 2012	5.00
AE6	$3,255,000.00	17 May 1978	17 May 2013	5.00
AF6	$2,276,000.00	27 Oct 1982	27 Oct 2017	5.00
AG6	$2,927,000.00	21 Apr 1993	21 Apr 2028	5.00
AH61	$696,000.00	2 Feb 1998	2 Feb 2033	V
AK8[2]	$1,506,000.00	1 Mar 1999	31 Dec 2033	V
AL8[3]	$4,254,000.00	3 Apr 2000	31 Dec 2034	V

[1]V=variable interest rate calculated by RUS pursuant to title 7 of the Code of Federal Regulations or by the Secretary of Treasury. CFC=an interest rate which may be fixed or variable from time to time as provided in the CFC Loan Agreement pertaining to a loan which has been made by CFC and guaranteed by RUS. CoBank=an interest rate which may be fixed or variable from time to time as provided in the CoBank Loan Agreement pertaining to a loan which has been made by CoBank and guaranteed by RUS.

[2]In addition to this note which the Mortgagor has issued to FFB, the Mortgagor has also issued a corresponding promissory note to RUS designated as the certain "Reimbursement Note" bearing even date therewith. Such Reimbursement Note is payable to the Government on demand and evidences the Mortgagor's obligation immediately to repay RUS, any payment which RUS may make pursuant to the RUS guarantee of such FFB note, together with interest, expenses and penalties (all as described in such Reimbursement Note). Such Reimbursement Note is an "Additional Note issued to the Government" for purposes of this Part One of Schedule A of this Supplemental Mortgage and is entitled to all of the benefits and security of the Mortgage.

[3]See footnote 2 in this Schedule A.

4. The Additional Notes described in the sixth WHEREAS clause above are more particularly described as follows:

Loan Designation	Face Amount	Date	Final Maturity	% Rate[4]
AM8[5]	$4,641,000.00	1 Nov 2002	31 Dec 2036	V

[4]See footnote 1 in this Schedule A.

[5]See footnote 2 in this Schedule A.

SCHEDULE A: Part Two

The outstanding secured obligations of the Mortgagor referred to in the fourth WHEREAS clause above are evidenced by the Original Notes described below:

ORIGINAL NOTES issued to CFC

CFC Loan Designation	Face Amount of Note	Note Date	Maturity Date
IA034-C-9001	$223,000.00	09/21/1972	12/21/2007
IA034-C-9002	$152,000.00	12/07/1973	12/07/2008
IA034-C-9004	$371,000.00	03/05/1975	03/05/2010
IA034-C-9006	$371,000.00	02/02/1977	02/02/2012
IA034-C-9009	$1,395,000.00	05/17/1978	05/17/2013
IA034-C-9014	$1,027,000.00	10/27/1982 (substituted 09/22/1983)	10/27/2017
IA034-C-9015	$1,280,612.00	04/21/1993	04/21/2028
IA034-C-9016	$298,000.00	02/02/1998	02/02/2033

Supplemental Mortgage Schedule B

Property Schedule

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