Recorded: 1/24/2017 at 3:29:01.0 PM
Fee Amount: $355.00
Revenue Tax:
Delaware County, Iowa
Daneen Schindler RECORDER
BK: 2017 PG: 278

RESTATED MORTGAGE AND SECURITY AGREEMENT

PREPARED BY:
Rural Utilities Division,
Office of the General Counsel
U.S. Department of Agriculture
1400 Independence Avenue, S.W
Washington, D.C. 20250- l4I4
Attention: Janet Safian, Attorney
Phone: 202.720.1422

RETURN TO:
Thomas N. DeBoom
Simmons Perrine Moyer Bergman PLC
115 3rd Street SE, Suite 1200
Cedar Rapids, IA 52401
(319) 366-7641

RE: Maquoketa Valley Rural Electric Cooperative as mortgagor and United States of America, National Rural Utilities Cooperative Finance Corporation and CoBank, ACB as mortgagee.

LEGAL: Schedule B, Page 41

RUS PROJECT DESIGNATION:

IOWA 0034-AW8 JONES

RESTATED MORTGAGE AND SECURITY AGREEMENT

made by and among

MAQUOKETA VALLEY RURAL ELECTRIC COOPERATIVE
109 North Huber Street
Anamosa, Iowa 52205-1453,

Mortgagor, and

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

Mortgagee, and

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION
20701 Cooperative Way
Dulles, Virginia 20166,

Mortgagee, and

CoBank, ACB
6340 S. Fiddlers Green Circle
Greenwood Village, Colorado 80111

Mortgagee

Dated as of January 2, 2017

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, FIXTURES, AFTER-ACQUIRED PROPERTY, PROCEEDS, FUTURE ADVANCES AND FUTURE OBLIGATIONS.
NOTICE: THIS MORTGAGE SECURES CREDIT IN THE AMOUNT OF $120,000,000.00. 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.
MORTGAGOR'S ORGANIZATIONAL IDENTIFICATION NUMBER IS 54069.

RESTATED MORTGAGE AND SECURITY AGREEMENT, dated as of January 2, 2017 (hereinafter sometimes called this "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"), NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (hereinafter called "CFC"), a corporation existing under the laws of the District of Columbia and CoBank, ACB (hereinafter called "CoBank"), a federally chartered instrumentality of the United States, and is intended to confer rights and benefits on the Government, CFC and CoBank, as well as any and all other lenders pursuant to Article II of this Mortgage that enter into a supplemental mortgage in accordance with Section 2.04 of Article II hereof (the Government, CFC and CoBank and any such other lenders being herein sometimes collectively referred to as the "Mortgagees").

RECITALS

WHEREAS, the Mortgagor, the Government, CFC and CoBank or its predecessor are patties to that certain Restated Mortgage and Security Agreement dated as of August 2, 2004, as supplemented, amended or restated (the "Original Mortgage" identified in Schedule "A" of this Mortgage) originally entered into among the Mortgagor, the Government acting by and through the Administrator of the Rural Electrification Administration, the predecessor of RUS,, CFC and CoBank;

WHEREAS, the Mortgagor deems it necessary to borrow money for its corporate purposes and to issue its promissory notes and other debt obligations therefor from time to time in one or more series, and to mortgage and pledge its property hereinafter described or mentioned to secure the payment of the same;

WHEREAS, the Mortgagor desires to enter into this Mortgage pursuant to which all secured debt of the Mortgagor hereunder shall be secured on parity;

WHEREAS, this Mortgage restates and consolidates the Original Mortgage while preserving the priority of the Lien under the Original Mortgage securing the payment of Mortgagor's outstanding obligations secured under the Original Mortgage, which indebtedness is described more particularly by listing the Original Notes in Schedule "A" hereto; and

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

NOW, THEREFORE, THIS MORTGAGE WITNESSETH: That to secure the payment of the principal of (and premium, if any) and interest on the Original 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, the purchase or guarantee of Notes by the guarantors or holders thereof, and other good and valuable consideration, 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 and lien in for the purposes hereinafter expressed, unto the Mortgagees all property, assets, 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, now owned or hereafter acquired or arising 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:

GRANTING CLAUSE FIRST

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;

B. all of the Mortgagor's interest in fixtures, easements, permits, licenses and rights-of-way comprising real property, and all other interests in real property, comprising any portion of the Utility System (as herein defined) located in the Counties listed in Schedule "B" hereto;

C. all right, title and interest of the Mortgagor in and to those contracts of the Mortgagor

(i) relating to the ownership, operation or maintenance of any generation, transmission or distribution facility owned, whether solely or jointly, by the Mortgagor,

(ii) for the purchase of electric power and energy by the Mortgagor and having an original term in excess of 3 years,

(iii) for the sale of electric power and energy by the Mortgagor and having an original term in excess of 3 years, and

(iv) for the transmission of electric power and energy by or on behalf of the Mortgagor and having an original term in excess of 3 years, including in respect of any of the foregoing, any amendments, supplements and replacements thereto;

D. all the property, rights, privileges, allowances and franchises particularly described in the annexed Schedule "B" are hereby made a part of, and deemed to be described in, this Granting Clause as fully as if set forth in this Granting Clause at length; and

ALSO ALL OTHER PROPERTY, real estate, lands, easements, servitudes, licenses, permits, allowances, consents, franchises, privileges, rights of way and other rights in or relating to real estate or the occupancy of the same; all power sites, storage rights, water rights, water locations, water appropriations, ditches, flumes, reservoirs, reservoir sites, canals, raceways, waterways, dams, dam sites, aqueducts, and all other rights or means for appropriating, conveying, storing and supplying water; all rights of way and roads; all plants for the generation of electric and other forms of energy (whether now known or hereafter developed) by steam, water, sunlight, chemical processes and/or (without limitation) all other sources of power (whether now known or hereafter developed); all power houses, gas plants, street lighting systems, standards and other equipment incidental thereto; all telephone, radio, television and other communications, image and data transmission systems, air conditioning systems and equipment incidental thereto, water wheels, waterworks, water systems, steam and hot water plants, substations, lines, service and supply systems, bridges, culverts, tracks, ice or refrigeration plants and equipment, offices, buildings and other structures and the equipment thereto, all machinery, engines, boilers, dynamos, turbines, electric, gas and other machines, prime movers, regulators, meters, transformers, generators (including, but not limited to, engine-driven generators and turbo generator units), motors, electrical, gas and mechanical appliances, conduits, cables, water, steam, gas or other pipes, gas mains and pipes, service pipes, fittings, valves and connections, pole and transmission lines, towers, overhead conductors and devices, underground conduits, underground conductors and devices, wires, cables, tools, implements, apparatus, storage battery equipment, and all other equipment, fixtures and personalty; all municipal and other franchises, consents, certificates or permits; all emissions allowances; all lines for the transmission and distribution of electric current and other forms of energy, gas, steam, water or communications, images and data for any purpose including towers, poles, wires, cables, pipes, conduits, ducts and all apparatus for use in connection therewith, and (except as hereinbefore or hereinafter expressly excepted) all the right, title and interest of the Mortgagor in and to all other property of any kind or nature appertaining to and/or used and/or occupied and/or employed in connection with any property hereinbefore described, but in all circumstances excluding Excepted Property;

GRANTING CLAUSE SECOND

With the exception of Excepted Property, all right, title and interest of the Mortgagor in, to and under all personal property and fixtures of every kind and nature including without limitation all goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts, chattel paper, electronic chattel paper, deposit accounts (including, but not limited to, money held in a trust account pursuant hereto or to a loan agreement), letter-of-credit rights, investment property (including certificated and uncertificated securities, security

entitlements and securities accounts), software, general intangibles (including, but not limited to, payment intangibles), supporting obligations, any other contract rights or rights to the payment of money, insurance claims, and proceeds (as such terms are presently or hereinafter defined in the applicable UCC; provided, however that the term "instrument" shall be such term as defined in Article 9 of the applicable UCC rather than Article 3);

GRANTING CLAUSE THIRD

With the exception of Excepted Property, all right, title and interest of the Mortgagor in, to and under any and all agreements, leases or contracts heretofore or hereafter executed by and between the Mortgagor and any person, firm or corporation relating to the Mortgaged Property (including contracts for the lease, occupancy or sale of the Mortgaged Property, or any portion thereof);

GRANTING CLAUSE FOURTH

With the exception of Excepted Property, all right title and interest of the Mortgagor in, to and under any and all books, records and correspondence relating to the Mortgaged Property, including, but not limited to all records, ledgers, leases and computer and automatic machinery software and programs, including without limitation, programs, databases, disc or tape files and automatic machinery print outs, runs and other computer prepared information indicating, summarizing, evidencing or otherwise necessary or helpful in the collection of or realization on the Mortgaged Property;

GRANTING CLAUSE FIFTH

All other property, real, personal or mixed, of whatever kind and description and wheresoever situated, including without limitation goods, accounts, money held in a trust account pursuant hereto or to a loan agreement, and general intangibles now owned or which may be hereafter acquired by the Mortgagor, but excluding Excepted Property, now owned or which may be hereafter acquired by the Mortgagor, it being the intention hereof that all property, rights, privileges, allowances and franchises now owned by the Mortgagor or acquired by the Mortgagor after the date hereof (other than Excepted Property) shall be as fully embraced within and subjected to the lien hereof as if such property were specifically described herein;

GRANTING CLAUSE SIXTH

Also any Excepted Property that may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien hereof by the Mortgagor or by anyone in its behalf; and any Mortgagee is hereby authorized to receive the same at any time as additional security hereunder for the benefit of all the Mortgagees. Such subjection to the lien hereof of any Excepted Property as additional security may be made subject to any reservations, limitations or conditions which shall be set forth in a written instrument executed by the Mortgagor or the person so acting in its behalf or by such Mortgagee respecting the use and disposition of such property or the proceeds thereof;

GRANTING CLAUSE SEVENTH

Together with (subject to the rights of the Mortgagor set forth in Section 5.01) all and singular the tenements, hereditaments and appurtenances belonging or in anywise appertaining to the aforesaid property or any part thereof, with the reversion and reversions, remainder and remainders and all the tolls, earnings, rents, issues, profits, revenues and other income, products and proceeds of the property subjected or required to be subjected to the lien of this Mortgage, and all other property of any nature appertaining to any of the plants, systems, business or operations of the Mortgagor, whether or not affixed to the realty, used in the operation of any of the premises or plants or the Utility System, or otherwise, which are now owned or acquired by the Mortgagor, and all the estate, right, title and interest of every nature whatsoever, at law as well as in equity, of the Mortgagor in and to the same and every part thereof (other than Excepted Property with respect to any of the foregoing).

EXCEPTED PROPERTY

There is, however, expressly excepted and excluded from the lien and operation of this Mortgage the following described property of the Mortgagor, now owned or hereafter acquired (herein sometimes referred to as "Excepted Property"):

A. all shares of stock, securities or other interests of the Mortgagor in the National Rural Utilities Cooperative Finance Corporation and CoBank, ACB and its predecessors in interest other than any stock, securities or other interests that are specifically described in Subclause D of Granting Clause First as being subjected to the lien hereof;

B. all rolling stock (except mobile substations), automobiles, buses, trucks, truck cranes, tractors, trailers and similar vehicles and movable equipment which are titled and/or registered in any state of the United States of America, and all tools, accessories and supplies used in connection with any of the foregoing;

C. all vessels, boats, ships, barges and other marine equipment, all airplanes, airplane engines and other flight equipment, and all tools, accessories and supplies used in connection with any of the foregoing;

D. all office furniture, equipment and supplies that is not data processing, accounting or other computer equipment or software;

E. all leasehold interests for office purposes;

F. all leasehold interests of the Mortgagor under leases for an original term (including any period for which the Mortgagor shall have a right of renewal) of less than five (5) years;

G. all timber and crops (both growing and harvested) and all coal, ore, gas, oil and other minerals (both in place or severed);

H. the last day of the term of each leasehold estate (oral or written) and any agreement therefor, now or hereafter enjoyed by the Mortgagor and whether falling within a general or specific description of property herein: PROVIDED, HOWEVER, that the Mortgagor covenants and agrees that it will hold each such last day in trust for the use and benefit of all of the Mortgagees and Noteholders and that it will dispose of each such last day from time to time in accordance with such written order as the Mortgagee in its discretion may give;

I. all permits, licenses, franchises, contracts, agreements, contract rights and other rights not specifically subjected or required to be subjected to the lien hereof by the express provisions of this Mortgage, whether now owned or hereafter acquired by the Mortgagor, which by their terms or by reason of applicable law would become void or voidable if mortgaged or pledged hereunder by the Mortgagor, or which cannot be granted, conveyed, mortgaged, transferred or assigned by this Mortgage without the consent of other parties whose consent has been withheld, or without subjecting any Mortgagee to a liability not otherwise contemplated by the provisions of this Mortgage, or which otherwise may not be, hereby lawfully and effectively granted, conveyed, mortgaged, transferred and assigned by the Mortgagor; and

J. the property identified in Schedule "C" hereto.

PROVIDED, HOWEVER, that (i) if, upon the occurrence of an Event of Default, any Mortgagee, or any receiver appointed pursuant to statutory provision or order of court, shall have entered into possession of all or substantially all of the Mortgaged Property, all the Excepted Property described or referred to in the foregoing Subdivisions A through H, inclusive, then owned or thereafter acquired by the Mortgagor shall immediately, and, in the case of any Excepted Property described or referred to in Subdivisions I through J, inclusive, upon demand of any Mortgagee or such receiver, become subject to the lien hereof to the extent permitted by law, and any Mortgagee or such receiver may, to the extent permitted by law, at the same time likewise take possession thereof, and (ii) whenever all Events of Default shall have been cured and the possession of all or substantially all of the Mortgaged Property shall have been restored to the Mortgagor, such Excepted Property shall again be excepted and excluded from the lien hereof to the extent and otherwise as hereinabove set forth.

However, pursuant to Granting Clause Sixth, the Mortgagor may subject to the lien of this Mortgage any Excepted Property, whereupon the same shall cease to be Excepted Property;

HABENDUM

TO HAVE AND TO HOLD all said property, rights, privileges and franchises of every kind and description, real, personal or mixed, hereby and hereafter (by supplemental mortgage or otherwise) granted, bargained, sold, aliened, remised, released, conveyed, assigned, transferred, mortgaged, encumbered, hypothecated, pledged, set over, confirmed, or subjected to a continuing security interest and lien as aforesaid, together with all the appurtenances thereto appertaining (said properties, rights, privileges and franchises, including any cash and securities hereafter deposited with any Mortgagee (other than any such cash, if any, which is specifically stated herein not to be deemed part of the Mortgaged Property), being herein collectively called the "Mortgaged Property") unto the Mortgagees and the respective assigns of the Mortgagees forever, to secure equally and ratably the payment of the principal of (and premium, if any) and interest on the Notes, according to their terms, without preference, priority or distinction as to interest or principal (except as otherwise specifically provided herein) or as to lien or otherwise of any Note over any other Note by reason of the priority in time of the execution, delivery or maturity thereof or of the assignment or negotiation thereof, or otherwise, and to secure the due performance of all of the covenants, agreements and provisions herein and in the Loan Agreements contained, and for the uses and purposes and upon the terms, conditions, provisos and agreements hereinafter expressed and declared.

SUBJECT, HOWEVER, to Permitted Encumbrances (as defined in Section 1.01).

ARTICLE I

DEFINITIONS & OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.01. **Definitions.**

In addition to the terms defined elsewhere in this Mortgage, the terms defined in this Article I shall have the meanings specified herein and under the UCC, unless the context clearly requires otherwise. The terms defined herein include the plural as well as the singular and the singular as well as the plural.

Accounting Requirements shall mean the requirements of any system of accounts prescribed by RUS so long as the Government is the holder, insurer or guarantor of any Notes, or, in the absence thereof, the requirements of generally accepted accounting principles applicable to businesses similar to that of the Mortgagor.

Additional Notes shall mean any Government Notes issued by the Mortgagor to the Government or guaranteed or insured as to payment by the Government and any Notes issued by the Mortgagor to any other lender, in either case pursuant to Article II of this Mortgage, including any refunding, renewal, or substitute Notes or Government Notes which may from time to time be executed and delivered by the Mortgagor pursuant to the terms of Article II.

Board shall mean either the Board of Directors or the Board of Trustees, as the case may be, of the Mortgagor.

Business Day shall mean any day that the Government is open for business.

Debt Service Coverage Ratio ("DSC") shall mean the ratio determined as follows: for each calendar year add

(i) Patronage Capital or Margins of the Mortgagor,

(ii) Interest Expense on Total Long Term Debt of the Mortgagor (as computed in accordance with the principles set forth in the definition of TIER) and

(iii) Depreciation and Amortization Expense of the Mortgagor, and divide the total so obtained by an amount equal to the sum of all payments of principal and interest required to be made on account of Total Long-Term Debt during such calendar year increasing said sum by any addition to interest expense on account of Restricted Rentals as computed with respect to the Times Interest Earned Ratio herein.

Depreciation and Amortization Expense shall mean an amount constituting the depreciation and amortization of the Mortgagor as computed pursuant to Accounting Requirements.

Electric System shall mean, and shall be broadly construed to encompass and include, all of the Mortgagor's interests in all electric production, transmission, distribution, conservation, load management, general plant and other related facilities, equipment or property and in any mine, well, pipeline, plant, structure or other facility for the development, production, manufacture, storage, fabrication or processing of fossil, nuclear or other fuel of any kind or in any facility or rights with respect to the supply of water, in each case for use, in whole or in major part, in any of the Mortgagor's generating plants, now existing or hereafter acquired by lease, contract, purchase or otherwise or constructed by the Mortgagor, including any interest or participation of the Mortgagor in any such facilities or any rights to the output or capacity thereof, together with all additions, betterments, extensions and improvements to such Electric System or any part thereof hereafter made and together with all lands, easements and rights-of-way of the Mortgagor and all other works, property or structures of the Mortgagor and contract rights and other tangible and intangible assets of the Mortgagor used or useful in connection with or related to such Electric System, including without limitation a contract right or other contractual arrangement referred to in Granting Clause First, Subclause C, but excluding any Excepted Property.

Environmental Law and Environmental Laws shall mean all federal, state, and local laws, regulations, and requirements related to protection of human health or the environment, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. 9601 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. 6901 et seq.), the Clean Water Act (33 U.S.C. 1251 et seq.) and the Clean Air Act (42 U.S.C. 7401 et seq.), and any amendments and implementing regulations of such acts.

Equity shall mean the total margins and equities computed pursuant to Accounting Requirements, but excluding any Regulatory Created Assets.

Event of Default shall have the meaning specified in Section 4.01 hereof.

Excepted Property shall have the meaning stated in the Granting Clauses.

Government shall mean the United States of America acting by and through the Administrator of RUS or REA and shall include its successors and assigns.

Government Notes shall mean the Original Notes, and any Additional Notes, issued by the Mortgagor to the Government, or guaranteed or insured as to payment by the Government.

Independent shall mean when used with respect to any specified person or entity means such a person or entity who (1) is in fact independent, (2) does not have any direct financial interest or any material indirect financial interest in the Mortgagor or in any affiliate of the Mortgagor and (3) is not connected with the Mortgagor as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

Interest Expense shall mean an amount constituting the interest expense of the Mortgagor as computed pursuant to Accounting Requirements.

Lien shall mean any statutory or common law or non-consensual mortgage, pledge, security interest, encumbrance, lien, right of set off, claim or charge of any kind, including, without limitation, any conditional sale or other title retention transaction, any lease transaction in the nature thereof and any secured transaction under the UCC.

Loan Agreement shall mean any agreement executed by and between the Mortgagor and the Government or any other lender in connection with the execution and delivery of any Notes secured hereby.

Long-Term Debt shall mean any amount included in Total Long-Term Debt pursuant to Accounting Requirements.

Long-Term Lease shall mean a lease having an unexpired term (taking into account terms of renewal at the option of the lessor, whether or not such lease has previously been renewed) of more than 12 months.

Margins shall mean the sum of amounts recorded as operating margins and non-operating margins as computed in accordance with Accounting Requirements.

Maximum Debt Limit, if any, shall mean the amount more particularly described in Schedule "A" hereof.

Mortgage shall mean this Restated Mortgage and Security Agreement, including any amendments or supplements thereto from time to time.

Mortgaged Property shall have the meaning specified as stated in the Habendum to the Granting Clauses.

Mortgagee or Mortgagees shall mean the parties identified in the first paragraph of this instrument as the Mortgagees, as well as any and all other entities that become a Mortgagee pursuant to Article II of this Mortgage by entering into a supplemental mortgage in accordance with Section 2.04 of Article II hereof. The term also includes in all cases the successors and assigns of any Mortgagee.

Net Utility Plant shall mean the amount constituting the total utility plant of the Mortgagor less depreciation computed in accordance with Accounting Requirements.

Note or Notes shall mean one or more of the Government Notes, and any other Notes which may, from time to time, be secured under this Mortgage.

Noteholder or Noteholders shall mean one or more of the holders of Notes secured by this Mortgage; PROVIDED, however, that in the case of any Notes that have been guaranteed or insured as to payment by the Government, as to such Notes, Noteholder or Noteholders shall mean the Government, exclusively, regardless of whether such Notes are in the possession of the Government.

Original Mortgage means the instrument(s) identified as such in Schedule "A" hereof.

Original Notes shall mean the Notes listed on Schedule "A" hereto as such, such Notes being instruments evidencing outstanding indebtedness of the Mortgagor (i) to the Government (including indebtedness which has been issued by the Mortgagor to a third party and guaranteed or insured as to payment by the Government) and (ii) to each other Mortgagee on the date of this Mortgage.

Outstanding Notes shall mean as of the date of determination, (i) all Notes theretofore issued, executed and delivered to any Mortgagee and (ii) any Notes guaranteed or insured as to payment by the Government, except (a) Notes referred to in clause (i) or (ii) for which the principal and interest have been fully paid and which have been canceled by the Noteholder, and (b) Notes the payment for which has been provided for pursuant to Section 5.03.

Permitted Debt shall have the meaning specified in Section 3.08.

Permitted Encumbrances shall mean:

(1) as to the property specifically described in Granting Clause First, the restrictions, exceptions, reservations, conditions, limitations, interests and other matters which are set forth or referred to in such descriptions and each of which fits one or more of the clauses of this definition, PROVIDED, such matters do not in the aggregate materially detract from the value of the Mortgaged Property taken as a whole and do not materially impair the use of such property for the purposes for which it is held by the Mortgagor;

(2) liens for taxes, assessments and other governmental charges which are not delinquent;

(3) liens for taxes, assessments and other governmental charges already delinquent which are currently being contested in good faith by appropriate proceedings; PROVIDED the Mortgagor shall have set aside on its books adequate reserves with respect thereto;

(4) mechanics', workmen's, repairmen's, materialmen's, warehousemen's and carriers' liens and other similar liens arising in the ordinary course of business for charges which are not delinquent, or which are being contested in good faith and have not proceeded to judgment; PROVIDED the Mortgagor shall have set aside on its books adequate reserves with respect thereto;

(5) liens in respect of judgments or awards with respect to which the Mortgagor shall in good faith currently be prosecuting an appeal or proceedings for review and with respect to which the Mortgagor shall have secured a stay of execution pending such appeal or proceedings for review; PROVIDED the Mortgagor shall have set aside on its books adequate reserves with respect thereto;

(6) easements and similar rights granted by the Mortgagor over or in respect of any Mortgaged Property, PROVIDED that in the opinion of the Board or a duly authorized officer of the Mortgagor such grant will not impair the usefulness of such property in the conduct of the Mortgagor's business and will not be prejudicial to the interests of the Mortgagees, and similar rights granted by any predecessor in title of the Mortgagor;

(7) easements, leases, reservations or other rights of others in any property of the Mortgagor for streets, roads, bridges, pipes, pipe lines, railroads, electric transmission and distribution lines, telegraph and telephone lines, the removal of oil, gas, coal or other minerals and other similar purposes, flood rights, river control and development rights, sewage and drainage rights, restrictions against pollution and zoning laws and minor defects and irregularities in the record evidence of title, PROVIDED that such easements, leases, reservations, rights, restrictions, laws, defects and irregularities do not materially affect the marketability of title to such property and do not in the aggregate materially impair the use of the Mortgaged Property taken as a whole for the purposes for which it is held by the Mortgagor;

(8) liens upon lands over which easements or rights of way are acquired by the Mortgagor for any of the purposes specified in Clause (7) of this definition, securing indebtedness neither created, assumed nor guaranteed by the Mortgagor nor on account of which it customarily pays interest, which liens do not materially impair the use of such easements or rights of way for the purposes for which they are held by the Mortgagor;

(9) leases existing at the date of this instrument affecting property owned by the Mortgagor at said date which have been previously disclosed to the Mortgagees in writing and leases for a term of not more than two years (including any extensions or renewals) affecting property acquired by the Mortgagor after said date;

(10) terminable or short term leases or permits for occupancy, which leases or permits expressly grant to the Mortgagor the right to terminate them at any time on not more than six months' notice and which occupancy does not interfere with the operation of the business of the Mortgagor;

(11) any lien or privilege vested in any lessor, licensor or permittor for rent to become due or for other obligations or acts to be performed, the payment of which rent or performance of which other obligations or acts is required under leases, subleases, licenses or permits, so long as the payment of such rent or the performance of such other obligations or acts is not delinquent;

(12) liens or privileges of any employees of the Mortgagor for salary or wages earned but not yet payable;

(13) the burdens of any law or governmental regulation or permit requiring the Mortgagor to maintain certain facilities or perform certain acts as a condition of its occupancy of or interference with any public lands or any river or stream or navigable waters;

(14) any irregularities in or deficiencies of title to any rights-of-way for pipe lines, telephone lines, telegraph lines, power lines or appurtenances thereto, or other improvements thereon, and to any real estate used or to be used primarily for right-of-way purposes, PROVIDED that in the opinion of counsel for the Mortgagor, the Mortgagor shall have obtained from the apparent owner of the lands or estates therein covered by any such right-of-way a sufficient right, by the terms of the instrument granting such right-of-way, to the use thereof for the construction, operation or maintenance of the lines, appurtenances or improvements for which the same are used or are to be used, or PROVIDED that in the opinion of counsel for the Mortgagor, the Mortgagor has power under eminent domain, or similar statues, to remove such irregularities or deficiencies;

(15) rights reserved to, or vested in, any municipality or governmental or other public authority to control or regulate any property of the Mortgagor, or to use such property in any manner, which rights do not materially impair the use of such property, for the purposes for which it is held by the Mortgagor;

(16) any obligations or duties, affecting the property of the Mortgagor, to any municipality or governmental or other public authority with respect to any franchise, grant, license or permit;

(17) any right which any municipal or governmental authority may have by virtue of any franchise, license, contract or statute to purchase, or designate a purchaser of or order the sale of, any property of the Mortgagor upon payment of cash or reasonable compensation therefor or to terminate any franchise, license or other rights or to regulate the property and business of the Mortgagor; PROVIDED, HOWEVER, that nothing in this clause 17 is intended to waive any claim or rights that the Government may otherwise have under Federal laws;

(18) as to properties of other operating electric companies acquired after the date of this Mortgage by the Mortgagor as permitted by Section 3.10 hereof, reservations and other matters as to which such properties may be subject as more fully set forth in such Section;

(19) any lien required by law or governmental regulations as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Mortgagor to maintain self-insurance or to participate in any fund established to cover any insurance risks or in connection with workmen's compensation, unemployment insurance, old age pensions or other social security, or to share in the privileges or benefits required for companies participating in such arrangements; PROVIDED, HOWEVER, that nothing in this clause 19 is intended to waive any claim or rights that the Government may otherwise have under Federal laws;

(20) liens arising out of any defeased mortgage or indenture of the Mortgagor;

(21) the undivided interest of other owners, and liens on such undivided interests, in property owned jointly with the Mortgagor as well as the rights of such owners to such property pursuant to the ownership contracts;

(22) any lien or privilege vested in any lessor, licensor or permittor for rent to become due or for other obligations or acts to be performed, the payment of which rent or the performance of which other

obligations or acts is required under leases, subleases, licenses or permits, so long as the payment of such rent or the performance of such other obligations or acts is not delinquent;

(23) purchase money mortgages permitted by Section 3.08;

(24) the Original Mortgage;

(25) this Mortgage.

Property Additions shall mean Utility System property as to which the Mortgagor shall provide Title Evidence and which shall be (or, if retired, shall have been) subject to the lien of this Mortgage, which shall be properly chargeable to the Mortgagor's utility plant accounts under Accounting Requirements (including property constructed or acquired to replace retired property credited to such accounts) and which shall be:

(1) acquired (including acquisition by merger, consolidation, conveyance or transfer) or constructed by the Mortgagor after the date hereof, including property in the process of construction, insofar as not reflected on the books of the Mortgagor with respect to periods on or prior to the date hereof, and

(2) used or useful in the utility business of the Mortgagor conducted with the properties described in the Granting Clauses of this Mortgage, even though separate from and not physically connected with such properties.

"Property Additions" shall also include:

(3) easements and rights-of-way that are useful for the conduct of the utility business of the Mortgagor, and

(4) property located or constructed on, over or under public highways, rivers or other public property if the Mortgagor has the lawful right under permits, licenses or franchises granted by a governmental body having jurisdiction in the premises or by the law of the State in which such property is located to maintain and operate such property for an unlimited, indeterminate or indefinite period or for the period, if any, specified in such permit, license or franchise or law and to remove such property at the expiration of the period covered by such permit, license or franchise or law, or if the terms of such permit, license, franchise or law require any public authority having the right to take over such property to pay fair consideration therefor.

"Property Additions" shall NOT include:

(a) good will, going concern value, contracts, agreements, franchises, licenses or permits, whether acquired as such, separate and distinct from the property operated in connection therewith, or acquired as an incident thereto, or

(b) any shares of stock or indebtedness or certificates or evidences of interest therein or other securities, or

(c) any plant or system or other property in which the Mortgagor shall acquire only a leasehold interest, or any betterments, extensions, improvements or additions (other than movable physical personal property which the Mortgagor has the right to remove), of, upon or to any plant or system or other property in which the Mortgagor shall own only a leasehold interest unless (i) the term of the leasehold interest in the property to which such betterment, extension, improvement or addition relates shall extend for at least 75% of the useful life of such betterment, extension, improvement or addition and (ii) the lessor shall have agreed to give the Mortgagee reasonable notice and opportunity to cure any default by the Mortgagor under such lease and not to disturb

any Mortgagee's possession of such leasehold estate in the event any Mortgagee succeeds to the Mortgagor's interest in such lease upon any Mortgagee's exercise of any remedies under this Mortgage so long as there is no default in the performance of the tenant's covenants contained therein, or

(d) any property of the Mortgagor subject to the Permitted Encumbrance described in clause (23) of the definition thereof.

Prudent Utility Practice shall mean any of the practices, methods and acts which, in the exercise of reasonable judgment, in light of the facts, including, but not limited to, the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry prior thereto, known at the time the decision was made, would have been expected to accomplish the desired result consistent with cost-effectiveness, reliability, safety and expedition. It is recognized that Prudent Utility Practice is not intended to be limited to optimum practice, method or act to the exclusion of all others, but rather is a spectrum of possible practices, methods or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with cost-effectiveness, reliability, safety and expedition.

REA shall mean the Rural Electrification Administration of the United States Department of Agriculture, the predecessor of RUS.

Regulatory Created Assets shall mean the sum of any amounts properly recordable as unrecovered plant and regulatory study costs or as other regulatory assets, pursuant to Accounting Requirements.

Restricted Rentals shall mean all rentals required to be paid under finance leases and charged to income, exclusive of any amounts paid under any such lease (whether or not designated therein as rental or additional rental) for maintenance or repairs, insurance, taxes, assessments, water rates or similar charges. For the purpose of this definition the term "finance lease" shall mean any lease having a rental term (including the term for which such lease may be renewed or extended at the option of the lessee) in excess of 3 years and covering property having an initial cost in excess of $250,000 other than aircraft, ships, barges, automobiles, trucks, trailers, rolling stock and vehicles; office, garage and warehouse space; office equipment and computers.

RUS shall mean the Rural Utilities Service, an agency of the United States Department of Agriculture, or if at any time after the execution of this Mortgage RUS is not existing and performing the duties of administering a program of rural electrification as currently assigned to it, then the entity performing such duties at such time.

Security Interest shall mean any assignment, transfer, mortgage, hypothecation or pledge.

Subordinated Indebtedness shall mean secured indebtedness of the Mortgagor, payment of which shall be subordinated to the prior payment of the Notes in accordance with the provisions of Section 3.08 hereof by subordination agreement in form and substance satisfactory to each Mortgagee which approval will not be unreasonably withheld.

Supplemental Mortgage shall mean an instrument of the type described in Section 2.04.

Times Interest Earned Ratio ("TIER") shall mean the ratio determined as follows: for each calendar year: add (i) patronage capital or margins of the Mortgagor and (ii) Interest Expense on Total Long-Term Debt of the Mortgagor and divide the total so obtained by Interest Expense on Total Long-Term Debt of the Mortgagor, provided, however, that in computing Interest Expense on Total Long-Term Debt, there shall be added, to the extent not otherwise included, an amount equal to 33-1/3% of the excess of Restricted Rentals paid by the Mortgagor over 2% of the Mortgagor's Equity.

Title Evidence shall mean with respect to any real property:

(1) an opinion of counsel to the effect that the Mortgagor has title, whether fairly deducible of record or based upon prescriptive rights (or, as to personal property, based on such evidence as counsel shall determine to be sufficient), as in the opinion of counsel is satisfactory for the use thereof in connection with the operations of the Mortgagor, and counsel in giving such opinion may disregard any irregularity or deficiency in the record evidence of title which, in the opinion of such counsel, can be cured by proceedings within the power of the Mortgagor or does not substantially impair the usefulness of such property for the purpose of the Mortgagor and may base such opinion upon counsel's own investigation or upon affidavits, certificates, abstracts of title, statements or investigations made by persons in whom such counsel has confidence or upon examination of a certificate or guaranty of title or policy of title insurance in which counsel has confidence; or

(2) a mortgagee's policy of title insurance in the amount of the cost to the Mortgagor of the land included in Property Additions, as such cost is determined by the Mortgagor in accordance with the Accounting Requirements, issued in favor of the Mortgagees by an entity authorized to insure title in the states where the subject property is located, showing the Mortgagor as the owner of the subject property and insuring the lien of this Mortgage; and with respect to any personal property a certificate of the general manager or other duly authorized officer that the Mortgagor lawfully owns and is possessed of such property.

Total Assets shall mean an amount constituting total assets of the Mortgagor as computed pursuant to Accounting Requirements, but excluding any Regulatory Created Assets.

Total Long-Term Debt shall mean the total outstanding long-term debt of the Mortgagor as computed pursuant to Accounting Requirements.

Total Utility Plant shall mean the total of all property properly recorded in the utility plant accounts of the Mortgagor, pursuant to Accounting Requirements.

Uniform Commercial Code or UCC shall mean the UCC of the state referred to in Section 1.04, and if Mortgaged Property is located in a state other than that state, then as to such Mortgaged Property UCC refers to the UCC in effect in the state where such property is located.

Utility System shall mean the Electric System and all of the Mortgagor's interest in community infrastructure located substantially within its electric service territory, namely water and waste systems, solid waste disposal facilities, telecommunications and other electronic communications systems, and natural gas distribution systems.

Section 1.02. **General Rules of Construction**:

a. Accounting terms not defined in Section 1.01 are used in this Mortgage in their ordinary sense and any computations relating to such terms shall be computed in accordance with the Accounting Requirements.

b. Any reference to "directors" or "board of directors" shall be deemed to mean "trustees" or "board of trustees," as the case may be.

Section 1.03. **Special Rules of Construction if RUS is a Mortgagee**:

During any period that RUS is a Mortgagee, the following additional provisions shall apply:

a. In the case of any Notes that have been guaranteed or insured as to payment by RUS, as to such Notes RUS shall be considered to be the Noteholder, exclusively, regardless of whether such Notes are in the possession of RUS.

b. In the case of any prior approval rights conferred upon RUS by Federal statutes, including (without limitation) Section 7 of the Rural Electrification Act of 1936, as amended, with respect to

the sale or disposition of property, rights, or franchises of the Mortgagor, all such statutory rights are reserved except to the extent that they are expressly modified or waived in this Mortgage.

Section 1.04. **Governing Law**:

This Mortgage shall be construed in and governed by Federal law to the extent applicable, and otherwise by the laws of the state listed on Schedule "A" hereto.

Section 1.05. **Notices**:

All demands, notices, reports, approvals, designations, or directions required or permitted to be given hereunder shall be in writing and shall be deemed to be properly given if sent by registered or certified mail, postage prepaid, or delivered by hand, or sent by facsimile transmission, receipt confirmed, addressed to the proper party or parties at the addresses listed on Schedule "A" hereto, and as to any other person, firm, corporation or governmental body or agency having an interest herein by reason of being a Mortgagee, at the last address designated by such person, firm, corporation, governmental body or agency to the Mortgagor and the other Mortgagees. Any such party may from time to time designate to each other a new address to which demands, notices, reports, approvals, designations or directions may be addressed, and from and after any such designation the address designated shall be deemed to be the address of such party in lieu of the address given above.

ARTICLE II

ADDITIONAL NOTES

Section 2.01. **Additional Notes**:

(a) Without the prior consent of any Mortgagee or any Noteholder, the Mortgagor may issue Additional Notes to the Government or to another lender or lenders for the purpose of acquiring, procuring or constructing new or replacement Eligible Property Additions and such Additional Notes will thereupon be secured equally and ratably with the Notes if each of the following requirements are satisfied:

(1) As evidenced by a certificate of an Independent certified public accountant sent to each Mortgagee on or before the first advance of proceeds from such Additional Notes:

(i) The Mortgagor shall have achieved for each of the two calendar years immediately preceding the issuance of such Additional Notes, a TIER of not less than 1.25 and a DSC of not less than 1.25;

(ii) After taking into account the effect of such Additional Notes on the Total Long Term Debt of the Mortgagor, the ratio of the Mortgagor's Net Utility Plant to its Total Long Term Debt shall be greater than or equal to 1.0 on a pro forma basis;

(iii) After taking into account the effect of such Additional Notes on the Total Assets of such Mortgagor, the Mortgagor shall have Equity greater than or equal to 27 percent of Total Assets on a pro forma basis; and

(iv) The sum of the aggregate principal amount of such Additional Notes (if any) that are not related to the Electric System if added to the aggregate outstanding principal amount of all the existing Notes (if any) that are not related to the Electric System will not exceed 30% of the Mortgagor's Equity on a pro forma basis.

(2) No Event of Default has occurred and is continuing hereunder, or any event which with the giving of notice or lapse of time or both would become an Event of Default has occurred and is continuing.

(3) The Eligible Property Additions being constructed, acquired, procured or replaced are part of the Mortgagor's Utility System.

(4) The Mortgagor's general manager or other duly authorized officer shall send to each of the Mortgagees a certificate in substantially the form attached hereto as Exhibit A on or before the date of the first advance of proceeds from such Additional Notes.

(b) For purposes of this section:

(1) "Eligible Property Additions" shall mean Property Additions acquired or whose construction was completed not more than 5 years prior to the issuance of the Additional Notes and Property Additions acquired or whose construction is started and/or completed not more than 4 years after issuance of the Additional Notes, but shall exclude any Property Additions financed by any other debt secured under the Mortgage at the time additional Notes are issued;

(2) Notes are considered to be "issued" on, and the date of "issuance" shall be, the date on which they are executed by the Mortgagor; and

(3) For purposes of calculating the pro forma ratios in subparagraphs (a)(1)(ii) and (iii), the values for Total Long Term Debt and Total Assets before debt issuance and the values for Equity and Net Utility Plant shall be the most recently available end-of-month figures preceding the issuance of the Additional Notes, but in no case for a month ending more than 180 days preceding such issuance.

Section 2.02. **Refunding or Refinancing Notes**:

The Mortgagor shall also have the right without the consent of any Mortgagee or any Noteholder to issue Additional Notes for the purpose of refunding or refinancing any Notes so long as the total amount of outstanding indebtedness evidenced by such Additional Note or Notes is not greater than 105% of the then outstanding principal balance of the Note or Notes being refunded or refinanced. PROVIDED, HOWEVER, that the Mortgagor may not exercise its rights under this Section if an Event of Default has occurred and is continuing, or any event which with the giving of notice or lapse of time or both would become an Event of Default has occurred and is continuing. On or before the first advance of proceeds from Additional Notes issued under this section, the Mortgagor shall notify each Mortgagee of the refunding or refinancing. Additional Notes issued pursuant to this Section 2.02 will thereupon be secured equally and ratably with the Notes.

Section 2.03. **Other Additional Notes**:

With the prior written consent of each Mortgagee, the Mortgagor may issue Additional Notes to the Government or any lender or lenders, which Notes will thereupon be secured equally and ratably with Notes without regard to whether any of the requirements of Sections 2.01 or 2.02 are satisfied.

Section 2.04. **Additional Lenders Entitled to the Benefit of This Mortgage**:

Without the prior consent of any Mortgagee or any Noteholder, each new lender designated as a payee in any Additional Notes issued by the Mortgagor pursuant to Section 2.01 or 2.02 of this Mortgage shall become a Mortgagee hereunder upon the execution and delivery by the Mortgagor and such lender of a supplemental mortgage hereto designating such lender as a Mortgagee hereunder. Such new lender shall be entitled to the benefits of this Mortgage without further act or deed. Each

Mortgagee and each person or entity that becomes a lender pursuant to Section 2.01 or 2.02 of this Mortgage shall, upon the request of the Mortgagor to do so, execute and deliver a supplement to this Mortgage in substantially the form set forth in Section 2.05 to evidence the addition of such new lender as an additional Mortgagee entitled to the benefits of this Mortgage. The failure of any existing Mortgagee to enter into such supplemental mortgage shall not deprive the new lender of its rights under this Mortgage; provided that such additional indebtedness otherwise conforms in all respects with the requirements for issuing Additional Notes under this Mortgage.

Section 2.05. **Form of Supplemental Mortgage**:

(a) The form of supplemental mortgage referred to in Section 2.04 is attached to this Mortgage as Exhibit B and hereby incorporated by reference as if set forth in full at this point.

(b) In the event that the Mortgagor subsequently issues Additional Notes pursuant to Sections 2.01 or 2.02 to any existing Mortgagee and that Mortgagee desires further assurance that such Additional Notes will be secured by the lien of the Mortgage, an instrument substantially in the form of the supplemental mortgage attached as Exhibit B may be used.

(c) In the event that the Mortgagor issues Additional Notes pursuant to Section 2.03 to either an existing Mortgagee or a new lender, in either case with the prior written consent of each Mortgagee, then an instrument substantially in the form of the supplemental mortgage attached as Exhibit B may also be used.

ARTICLE III

PARTICULAR COVENANTS OF THE MORTGAGOR

Section 3.01. **Payment of Debt Service on Notes**:

The Mortgagor will duly and punctually pay the principal, premium, if any, and interest on the Notes in accordance with the terms of the Notes, the Loan Agreements, this Mortgage and any Supplemental Mortgage authorizing such Notes.

Section 3.02. **Warranty of Title**:

(a) At the time of the execution and delivery of this instrument, the Mortgagor has good and marketable title in fee simple to the real property specifically described in Granting Clause First as owned in fee and good and marketable title to the interests in real property specifically described in Granting Clause First, subject to no mortgage, lien, charge or encumbrance except as stated therein, and has full power and lawful authority to grant, bargain, sell, alien, remise, release, convey, assign, transfer, encumber, mortgage, pledge, set over and confirm said real property and interests in real property in the manner and form aforesaid.

(b) At the time of the execution and delivery of this instrument, the Mortgagor lawfully owns and is possessed of the personal property specifically described in Granting Clauses First through Seventh, subject to no mortgage, lien, charge or encumbrance except as stated therein, and has full power and lawful authority to mortgage, assign, transfer, deliver, pledge and grant a continuing security interest in said property and, including any proceeds thereof, in the manner and form aforesaid.

(c) The Mortgagor hereby does and will forever warrant and defend the title to the property specifically described in Granting Clause First against the claims and demands of all persons whomsoever, except Permitted Encumbrances.

Section 3.03. **After-Acquired Property; Further Assurances; Recording:**

(a) All property of every kind, other than Excepted Property, acquired by the Mortgagor after the date hereof, shall, immediately upon the acquisition thereof by the Mortgagor, and without any further mortgage, conveyance or assignment, become subject to the lien of this Mortgage; SUBJECT, HOWEVER, to Permitted Encumbrances and the exceptions, if any, to which all of the Mortgagees consent. Nevertheless, the Mortgagor will do, execute, acknowledge and deliver all and every such further acts, conveyances, mortgages, financing statements and assurances as any Mortgagee shall require for accomplishing the purposes of this Mortgage, including, but not limited to, at the request of any Mortgagee, taking such actions and executing and delivering such documents as are necessary under the Uniform Commercial Code or other applicable law to perfect or establish the Mortgagees' first priority security interests in any Mortgaged Property to the extent that such perfection or priority cannot be accomplished by the filing of a financing statement.

(b) The Mortgagor will cause this Mortgage and all Supplemental Mortgages and other instruments of further assurance, including all financing statements covering security interests in personal property, to be promptly recorded, registered and filed, and will execute and file such financing statements and cause to be issued and filed such continuation statements, all in such manner and in such places as may be required by law fully to preserve and protect the rights of all of the Mortgagees and Noteholders hereunder to all property comprising the Mortgaged Property. The Mortgagor will furnish to each Mortgagee:

(1) promptly after the execution and delivery of this instrument and of each Supplemental Mortgage or other instrument of further assurance, an Opinion of Counsel stating that, in the opinion of such Counsel, this instrument and all such Supplemental Mortgages and other instruments of further assurance have been properly recorded, registered and filed to the extent necessary to make effective the lien intended to be created by this Mortgage, and reciting the details of such action or referring to prior Opinions of Counsel in which such details are given, and stating that all financing statements and continuation statements have been executed and filed that are necessary fully to preserve and protect the rights of all of the Mortgagees and Noteholders hereunder, or stating that, in the opinion of such Counsel, no such action is necessary to make the lien effective; and

(2) during the month of January in each year following the first anniversary of the date of this Mortgage, an Opinion of Counsel, dated on or about the date of delivery, either stating that, in the opinion of such Counsel, such action has been taken with respect to the recording, registering, filing, re-recording, re-registering and re-filing of this instrument and of all Supplemental Mortgages, financing statements, continuation statements or other instruments of further assurances as is necessary to maintain the lien of this Mortgage (including the lien on any property acquired by the Mortgagor after the execution and delivery of this instrument and owned by the Mortgagor at the end of preceding calendar year) and reciting the details of such action or referring to prior Opinions of Counsel in which such details are given, and stating that all financing statements and continuation statements have been executed and filed that are necessary to fully preserve and protect the rights of all of the Mortgagees and Noteholders hereunder, or stating that, in the opinion of such Counsel, no such action is necessary to maintain such lien.

Section 3.04. **Environmental Requirements and Indemnity**:

(a) The Mortgagor shall, with respect to all facilities which may be part of the Mortgaged Property, comply with all Environmental Laws.

(b) The Mortgagor shall defend, indemnify, and hold harmless each Mortgagee, its successors and assigns, from and against any and all liabilities, losses, damages, costs, expenses (including but not limited to reasonable attorneys' fees and expenses), causes of actions, administrative proceedings, suits, claims, demands, or judgments of any nature arising out of or in connection with any matter related to the Mortgage Property and any Environmental Law, including but not limited to:

(1) the past, present, or future presence of any hazardous substance, contaminant, pollutant, or hazardous waste on or related to the Mortgaged Property;

(2) any failure at any time by the undersigned to comply with the terms of any order related to the Mortgaged Property and issued by any Federal, state, or municipal department or agency (other than RUS) exercising its authority to enforce any Environmental Law; and

(3) any lien or claim imposed under any Environmental Law related to clause (1).

(c) Within 10 (ten) business days after receiving knowledge of any liability, losses, damages, costs, expenses (including but not limited to reasonable attorneys' fees and expenses), cause of action, administrative proceeding, suit, claim, demand, judgment, lien, reportable event including but not limited to the release of a hazardous substance, or potential or actual violation or non-compliance arising out of or in connection with the Mortgaged Property and any Environmental Law, the Mortgagor shall provide each Mortgagee with written notice of such matter. With respect to any matter upon which it has provided such notice, the Mortgagor shall immediately take any and all appropriate actions to remedy, cure, defend, or otherwise affirmatively respond to the matter.

Section 3.05. **Payment of Taxes**:

The Mortgagor will pay or cause to be paid as they become due and payable all taxes, assessments and other governmental charges lawfully levied or assessed or imposed upon the Mortgaged Property or any part thereof or upon any income therefrom, and also (to the extent that such payment will not be contrary to any applicable laws) all taxes, assessments and other governmental charges lawfully levied, assessed or imposed upon the lien or interest of the Noteholders or of the Mortgagees in the Mortgaged Property, so that (to the extent aforesaid) the lien of this Mortgage shall at all times be wholly preserved at the cost of the Mortgagor and without expense to the Mortgagees or the Noteholders; PROVIDED, HOWEVER, that the Mortgagor shall not be required to pay and discharge or cause to be paid and discharged any such tax, assessment or governmental charge to the extent that the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings and the Mortgagor shall have established and shall maintain adequate reserves on its books for the payment of the same.

Section 3.06. **Authority to Execute and Deliver Notes, Loan Agreements and Mortgage; All Action Taken; Enforceable Obligations**:

The Mortgagor is authorized under its articles of incorporation and bylaws (or code of regulations) and all applicable laws and by corporate action to execute and deliver the Notes, any Additional Notes, the Loan Agreements and this Mortgage. The Notes, the Loan Agreements and this Mortgage are, and any Additional Notes and Loan Agreements when executed and delivered will be, the valid and enforceable obligations of the Mortgagor in accordance with their respective terms.

Section 3.07. **Restrictions on Further Encumbrances on Property**:

Except to secure Additional Notes, the Mortgagor will not, without the prior written consent of each Mortgagee, create or incur or suffer or permit to be created or incurred or to exist any Lien, charge, assignment, pledge or mortgage on any of the Mortgaged Property inferior to, prior to, or on a parity with the Lien of this Mortgage except for the Permitted Encumbrances. Subject to the provisions of Section 3.08, or unless approved by each of the Mortgagees, the Mortgagor will purchase all materials, equipment and replacements to be incorporated in or used in connection with the Mortgaged Property outright and not subject to any conditional sales agreement, chattel mortgage, bailment, lease or other agreement reserving to the seller any right, title or Lien.

Section 3.08. **Restrictions On Additional Permitted Debt**:

The Mortgagor shall not incur, assume, guarantee or otherwise become liable in respect of any debt for borrowed money and Restricted Rentals (including Subordinated Debt) other than the following: ("Permitted Debt")

(1) Additional Notes issued in compliance with Article II hereof;

(2) Purchase money indebtedness in non-Utility System property, in an amount not exceeding 10% of Net Utility Plant;

(3) Restricted Rentals in an amount not to exceed 5% of Equity during any 12 consecutive calendar month period;

(4) Unsecured lease obligations incurred in the ordinary course of business except Restricted Rentals;

(5) Unsecured indebtedness for borrowed money;

(6) Debt represented by dividends declared but not paid; and

(7) Subordinated Indebtedness approved by each Mortgagee.

PROVIDED, However, that the Mortgagor may incur Permitted Debt without the consent of the Mortgagee only so long as there exists no Event of Default hereunder and there has been no continuing occurrence which with the passage of time and giving of notice could become an Event of Default hereunder.

PROVIDED, FURTHER, by executing this Mortgage any consent of RUS that the Mortgagor would otherwise be required to obtain under this Section is hereby deemed to be given or waived by RUS by operation of law to the extent, but only to the extent, that to impose such a requirement of RUS consent would clearly violate existing Federal laws or government regulations.

Section 3.09. **Preservation of Corporate Existence and Franchises**:

The Mortgagor will, so long as any Outstanding Notes exist, take or cause to be taken all such action as from time to time may be necessary to preserve its corporate existence and to preserve and renew all franchises, rights of way, easements, permits, and licenses now or hereafter to be granted or upon it conferred the loss of which would have a material adverse affect on the Mortgagor's financial condition or business. The Mortgagor will comply with all laws, ordinances, regulations, orders, decrees and other legal requirements applicable to it or its property the violation of which could have a material adverse affect on the Mortgagor's financial condition or business.

Section 3.10. **Limitations on Consolidations and Mergers**:

The Mortgagor shall not, without the prior written approval of each Mortgagee, consolidate or merge with any other corporation or convey or transfer the Mortgaged Property substantially as an entirety unless:

(1) such consolidation, merger, conveyance or transfer shall be on such terms as shall fully preserve the lien and security hereof and the rights and powers of the Mortgagees hereunder;

(2) the entity formed by such consolidation or with which the Mortgagor is merged or the corporation which acquires by conveyance or transfer the Mortgaged Property substantially as an entirety shall execute and deliver to the Mortgagees a mortgage supplemental hereto in recordable form and containing an assumption by such successor entity of the due and punctual payment of the principal of and interest on all of the Outstanding Notes and the performance and observance of every covenant and condition of this Mortgage;

(3) immediately after giving effect to such transaction, no default hereunder shall have occurred and be continuing;

(4) the Mortgagor shall have delivered to the Mortgagees a certificate of its general manager or other officer, in form and substance satisfactory to each of the Mortgagees, which shall state that such consolidation, merger, conveyance or transfer and such supplemental mortgage comply with this subsection and that all conditions precedent herein provided for relating to such transaction have been complied with;

(5) the Mortgagor shall have delivered to the Mortgagees an opinion of counsel in form and substance satisfactory to each of the Mortgagees; and

(6) the entity formed by such consolidation or with which the Mortgagor is merged or the corporation which acquires by conveyance or transfer the Mortgaged Property substantially as an entirety shall be an entity -

(A) having Equity equal to at least 27% of its Total Assets on a pro forma basis after giving effect to such transaction,

(B) having a pro forma TIER of not less than 1.25 and a pro forma DSC of not less than 1.25 for each of the two preceding calendar years, and

(C) having Net Utility Plant equal to or greater than 1.0 times its Total Long-Term Debt on a pro forma basis. Upon any consolidation or merger or any conveyance or transfer of the Mortgaged Property substantially as an entirety in accordance with this subsection, the successor entity formed by such consolidation or with which the Mortgagor is merged or to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Mortgagor under this Mortgage with the same effect as if such successor entity had been named as the Mortgagor herein.

Section 3.11. **Limitations on Transfers of Property**:

The Mortgagor may not, except as provided in Section 3.10 above, without the prior written approval of each Mortgagee, sell, lease or transfer any Mortgaged Property to any other person or entity (including any subsidiary or affiliate of the Mortgagor), unless

(1) there exists no Event of Default or occurrence which with the passing of time and the giving of notice would be an Event of Default,

(2) fair market value is obtained for such property,

(3) the aggregate value of assets so sold, leased or transferred in any 12-month period is less than 10% of Net Utility Plant, and

(4) the proceeds of such sale, lease or transfer, less ordinary and reasonable expenses incident to such transaction, are immediately

(i) applied as a prepayment of all Notes equally and ratably,

(ii) in the case of dispositions of equipment, materials or scrap, applied to the purchase of other property useful in the Mortgagor's utility business, not necessarily of the same kind as the property disposed of, which shall forthwith become subject to the Lien of the Mortgage, or

(iii) applied to the acquisition or construction of utility plant.

Section 3.12. **Maintenance of Mortgaged Property**:

(a) So long as the Mortgagor holds title to the Mortgaged Property, the Mortgagor will at all times maintain and preserve the Mortgaged Property which is used or useful in the Mortgagor's business and each and every part and parcel thereof in good repair, working order and condition, ordinary wear and tear and acts of God excepted, and in compliance with Prudent Utility Practice and in compliance with all applicable laws, regulations and orders, and will from time to time make all needed and proper repairs, renewals and replacements, and useful and proper alterations, additions, betterments and improvements, and will, subject to contingencies beyond its reasonable control, at all times use all reasonable diligence to furnish the consumers served by it through the Mortgaged Property, or any part thereof, with an adequate supply of electric power and energy. If any substantial part of the Mortgaged Property is leased by the Mortgagor to any other party, the lease agreement between the Mortgagor and the lessee shall obligate the lessee to comply with the provisions of subsections (a) and (b) of this Section in respect of the leased facilities and to permit the Mortgagor to operate the leased facilities in the event of any failure by the lessee to so comply.

(b) If in the sole judgment of any Mortgagee, the Mortgaged Property is not being maintained and repaired in accordance with paragraph (a) of this section, such Mortgagee may send to the Mortgagor a written report of needed improvements and the Mortgagor will upon receipt of such written report promptly undertake to accomplish such improvements.

(c) The Mortgagor further agrees that upon reasonable written request of any Mortgagee, which request together with the requests of any other Mortgagees shall be made no more frequently than once every three years, the Mortgagor will supply promptly to each Mortgagee a certification (hereinafter called the "Engineer's Certification"), in form satisfactory to the requestor, prepared by a professional engineer, who shall be satisfactory to the Mortgagees, as to the condition of the Mortgaged Property. If in the sole judgment of any Mortgagee the Engineer's Certification discloses the need for improvements to the condition of the Mortgaged Property or any other operations of the Mortgagor, such Mortgagee may send to the Mortgagor a written report of such improvements and the Mortgagor will upon receipt of such written report promptly undertake to accomplish such of these improvements as are required by such Mortgagee.

Section 3.13. **Insurance; Restoration of Damaged Mortgaged Property**:

(a) The Mortgagor will take out, as the respective risks are incurred, and maintain the classes and amounts of insurance in conformance with generally accepted utility industry standards

for such classes and amounts of coverages of utilities of the size and character of the Mortgagor and consistent with Prudent Utility Practice.

(b) The foregoing insurance coverage shall be obtained by means of bond and policy forms approved by regulatory authorities having jurisdiction, and, with respect to insurance upon any part of the Mortgaged Property, shall provide that the insurance shall be payable to the Mortgagees as their interests may appear by means of the standard mortgagee clause without contribution. Each policy or other contract for such insurance shall contain an agreement by the insurer that, notwithstanding any right of cancellation reserved to such insurer, such policy or contract shall continue in force for at least 30 days after written notice to each Mortgagee of cancellation.

(c) In the event of damage to or the destruction or loss of any portion of the Mortgaged Property which is used or useful in the Mortgagor's business and which shall be covered by insurance, unless each Mortgagee shall otherwise agree, the Mortgagor shall replace or restore such damaged, destroyed or lost portion so that such Mortgaged Property shall be in substantially the same condition as it was in prior to such damage, destruction or loss, and shall apply the proceeds of the insurance for that purpose. The Mortgagor shall replace the lost portion of such Mortgaged Property or shall commence such restoration promptly after such damage, destruction or loss shall have occurred and shall complete such replacement or restoration as expeditiously as practicable, and shall pay or cause to be paid out of the proceeds of such insurance all costs and expenses in connection therewith.

(d) Sums recovered under any policy or fidelity bond by the Mortgagor for a loss of funds advanced under the Notes or recovered by any Mortgagee or any Noteholder for any loss under such policy or bond shall, unless applied as provided in the preceding paragraph, be used to finance construction of utility plant secured or to be secured by this Mortgage, or unless otherwise directed by the Mortgagees, be applied to the prepayment of the Notes pro rata according to the unpaid principal amounts thereof (such prepayments to be applied to such Notes and installments thereof as may be designated by the respective Mortgagee at the time of any such prepayment), or be used to construct or acquire utility plant which will become part of the Mortgaged Property. At the request of any Mortgagee, the Mortgagor shall exercise such rights and remedies which they may have under such policy or fidelity bond and which may be designated by such Mortgagee, and the Mortgagor hereby irrevocably appoints each Mortgagee as its agent to exercise such rights and remedies under such policy or bond as such Mortgagee may choose, and the Mortgagor shall pay all costs and reasonable expenses incurred by the Mortgagee in connection with such exercise.

Section 3.14. **Mortgagee Right to Expend Money to Protect Mortgaged Property**:

The Mortgagor agrees that any Mortgagee from time to time hereunder may, in its sole discretion, after having given 5 Business Days prior written notice to the Mortgagor, but shall not be obligated to, advance funds on behalf of the Mortgagor, in order to insure the Mortgagor's compliance with any covenant, warranty, representation or agreement of the Mortgagor made in or pursuant to this Mortgage or any of the Loan Agreements, to preserve or protect any right or interest of the Mortgagees in the Mortgaged Property or under or pursuant to this Mortgage or any of the Loan Agreements, including without limitation, the payment of any insurance premiums or taxes and the satisfaction or discharge of any judgment or any Lien upon the Mortgaged Property or other property or assets of the Mortgagor; provided, however, that the making of any such advance by or through any Mortgagee shall not constitute a waiver by any Mortgagee of any Event of Default with respect to which such advance is made nor relieve the Mortgagor of any such Event of Default. The Mortgagor shall pay to a Mortgagee upon demand all such advances made by such Mortgagee with interest thereon at a rate equal to that on the Note having the highest interest rate but in no event shall such

rate be in excess of the maximum rate permitted by applicable law. All such advances shall be included in the obligations and secured by the security interest granted hereunder.

Section 3.15. **Time Extensions for Payment of Notes**:

Any Mortgagee may, at any time or times in succession without notice to or the consent of the Mortgagor, or any other Mortgagee, and upon such terms as such Mortgagee may prescribe, grant to any person, firm or corporation who shall have become obligated to pay all or any part of the principal of (and premium, if any) or interest on any Note held by or indebtedness owed to such Mortgagee or who may be affected by the lien hereby created, an extension of the time for the payment of such principal, (and premium, if any) or interest, and after any such extension the Mortgagor will remain liable for the payment of such Note or indebtedness to the same extent as though it had at the time of such extension consented thereto in writing.

Section 3.16. **Application of Proceeds from Condemnation**:

(a) In the event that the Mortgaged Property or any part thereof, shall be taken under the power of eminent domain, all proceeds and avails therefrom may be used to finance construction of utility plant secured or to be secured by this Mortgage. Any proceeds not so used shall forthwith be applied by the Mortgagor: first, to the ratable payment of any indebtedness secured by this Mortgage other than principal of or interest on the Notes; second, to the ratable payment of interest which shall have accrued on the Notes and be unpaid; third, to the ratable payment of or on account of the unpaid principal of the Notes, to such installments thereof as may be designated by the respective Mortgagee at the time of any such payment; and fourth, the balance shall be paid to whomsoever shall be entitled thereto.

(b) If any part of the Mortgaged Property shall be taken by eminent domain, each Mortgagee shall release the property so taken from the Mortgaged Property and shall be fully protected in so doing upon being furnished with:

(1) A certificate of a duly authorized officer of the Mortgagor requesting such release, describing the property to be released and stating that such property has been taken by eminent domain and that all conditions precedent herein provided or relating to such release have been complied with; and

(2) an opinion of counsel to the effect that such property has been lawfully taken by exercise of the right of eminent domain, that the award for such property so taken has become final and that all conditions precedent herein provided for relating to such release have been complied with.

Section 3.17. **Compliance with Loan Agreements; Notice of Amendments to and Defaults under Loan Agreements**:

The Mortgagor will observe and perform all of the material covenants, agreements, terms and conditions contained in any Loan Agreement entered into in connection with the issuance of any of the Notes, as from time to time amended. The Mortgagor will send promptly to each Mortgagee notice of any default by the Mortgagor under any Loan Agreement and notice of any amendment to any Loan Agreement. Upon request of any Mortgagee, the Mortgagor will furnish to such Mortgagee single copies of such Loan Agreements and amendments thereto as such Mortgagee may request.

Section 3.18. **Rights of Way, etc., Necessary in Business**:

The Mortgagor will use its best efforts to obtain all such rights of way, easements from landowners and releases from lienors as shall be necessary or advisable in the conduct of its business, and, if requested by any Mortgagee, deliver to such Mortgagee evidence satisfactory to such Mortgagee of the obtaining of such rights of way, easements or releases.

Section 3.19. **Limitations on Providing Free Electric Services**:

The Mortgagor will not furnish or supply or cause to be furnished or supplied any electric power, energy or capacity free of charge to any person, firm or corporation, public or private, and the Mortgagor will enforce the payment of any and all amounts owning to the Mortgagor by reason of the ownership and operation of the Utility System by discontinuing such use, output, capacity, or service, or by filing suit therefor within 90 days after any such accounts are due, or by both such discontinuance and by filing suit.

Section 3.20. **Keeping Books; Inspection by Mortgagee**:

The Mortgagor will keep proper books, records and accounts, in which full and correct entries shall be made of all dealings or transactions of or in relation to the Notes and the Utility System, properties, business and affairs of the Mortgagor in accordance with the Accounting Requirements. The Mortgagor will at any and all times, upon the written request of any Mortgagee and at the expense of the Mortgagor, permit such Mortgagee by its representatives to inspect the Utility System and properties, books of account, records, reports and other papers of the Mortgagor and to take copies and extracts therefrom, and will afford and procure a reasonable opportunity to make any such inspection, and the Mortgagor will furnish to each Mortgagee any and all such information as such Mortgagee may request, with respect to the performance by the Mortgagor of its covenants under this Mortgage, the Notes and the Loan Agreements.

Section 3.21. **Maximum Debt Limit**:

The Notes at any one time secured by this Mortgage shall not in the aggregate principal amount exceed the Maximum Debt Limit.

Section 3.22. **Authorization to File Financing Statements**:

The Mortgagor hereby irrevocably authorizes the Mortgagee at any time and from time to time to file in any jurisdiction any initial financing statements and amendments thereto that:

(a) Indicate the Mortgaged Property (i) as all assets of the Mortgagor or words of similar effect, regardless of whether any particular asset comprised in the Mortgaged Property falls within the scope of Article 9 of the applicable UCC, or (ii) as being of an equal or lesser scope or with greater detail, and

(b) Contain any other information required by the applicable UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including, but not limited to (i) whether the Mortgagor is an organization, the type of organization and any organizational identification number issued to the Mortgagor, and (ii) in the case of a financing statement filed as a fixture filing, a sufficient description of real property to which the Mortgaged Property relates. The Mortgagor agrees to furnish any such information to the Mortgagee promptly upon request. The Mortgagor also ratifies its authorization for the Mortgagee to have filed in any UCC jurisdiction any like initial financing statements or amendments thereto if filed prior to the date hereof.

ARTICLE IV

EVENTS OF DEFAULT AND REMEDIES

Section 4.01. **Events of Default**:

Each of the following shall be an "Event of Default" under this Mortgage:

(a) default shall be made in the payment of any installment of or on account of interest on or principal of (or premium, if any associated with) any Note or Notes for more than five (5) Business Days after the same shall be required to be made;

(b) default shall be made in the due observance or performance of any other of the covenants, conditions or agreements on the part of the Mortgagor, in any of the Notes, Loan Agreements or in this Mortgage, and such default shall continue for a period of thirty (30) days after written notice specifying such default and requiring the same to be remedied and stating that such notice is a "Notice of Default" hereunder shall have been given to the Mortgagor by any Mortgagee; PROVIDED, HOWEVER that in the case of a default on the terms of a Note or Loan Agreement of a particular Mortgagee, the "Notice of Default" required under this paragraph may only be given by that Mortgagee;

(c) the Mortgagor shall file a petition in bankruptcy or be adjudicated a bankrupt or insolvent, or shall make an assignment for the benefit of its creditors, or shall consent to the appointment of a receiver of itself or of its property, or shall institute proceedings for its reorganization or proceedings instituted by others for its reorganization shall not be dismissed within sixty (60) days after the institution thereof;

(d) a receiver or liquidator of the Mortgagor or of any substantial portion of its property shall be appointed and the order appointing such receiver or liquidator shall not be vacated within sixty (60) days after the entry thereof;

(e) the Mortgagor shall forfeit or otherwise be deprived of its corporate charter or franchises, permits, easements, or licenses required to carry on any material portion of its business;

(f) a final judgment for an amount of more than $25,000 shall be entered against the Mortgagor and shall remain unsatisfied or without a stay in respect thereof for a period of sixty (60) days; or,

(g) any material representation or warranty made by the Mortgagor herein, in the Loan Agreements or in any certificate or financial statement delivered hereunder or thereunder shall prove to be false or misleading in any material respect at the time made.

Section 4.02. **Acceleration of Maturity; Rescission and Annulment**:

(a) If an Event of Default described in Section 4.01(a) has occurred and is continuing, any Mortgagee upon which such default has occurred may declare the principal of all its Notes secured hereunder to be due and payable immediately by a notice in writing to the Mortgagor and to the other Mortgagees (failure to provide said notice to any other Mortgagee shall not affect the validity of any acceleration of the Note or Notes by such Mortgagee), and upon such declaration, all unpaid principal (and premium, if any) and accrued interest so declared shall become due and payable immediately, anything contained herein or in any Note or Notes to the contrary notwithstanding.

(b) If any other Event of Default shall have occurred and be continuing, any Mortgagee may declare the principal of all its Notes secured hereunder to be due and payable immediately by a notice in writing to the Mortgagor and to the other Mortgagees (failure to provide said notice to any other Mortgagee shall not affect the validity of any acceleration of the Note or Notes by such Mortgagee), and upon such declaration, all unpaid principal (and premium, if any) and accrued interest so declared shall become due and payable immediately, anything contained herein or in any Note or Notes to the contrary notwithstanding.

(c) Upon receipt of actual knowledge of or any notice of acceleration by any Mortgagee, any other Mortgagee may declare the principal of all of its Notes to be due and payable

immediately by a notice in writing to the Mortgagor and upon such declaration, all unpaid principal (and premium, if any) and accrued interest so declared shall become due and payable immediately, anything contained herein or in any Note or Notes or Loan Agreements to the contrary notwithstanding.

(d) If after the unpaid principal of (and premium, if any) and accrued interest on any of the Notes shall have been so declared to be due and payable, all payments in respect of principal and interest which shall have become due and payable by the terms of such Note or Notes (other than amounts due as a result of the acceleration of the Notes) shall be paid to the respective Mortgagees, and (i) all other defaults under the Loan Agreements, the Notes and this Mortgage shall have been made good or cured to the satisfaction of the Mortgagees representing at least 80% of the aggregate unpaid principal balance of all of the Notes then outstanding, (ii) proceedings to foreclose the lien of this Mortgage have not been commenced, and (iii) all reasonable expenses paid or incurred by the Mortgagees in connection with the acceleration shall have been paid to the respective Mortgagees, then in every such case such Mortgagees representing at least 80% of the aggregate unpaid principal balance of all of the Notes then outstanding may by written notice to the Mortgagor, for purposes of this Mortgage, annul such declaration and waive such default and the consequences thereof, but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

Section 4.03. **Remedies of Mortgagees**:

If one or more of the Events of Default shall occur and be continuing, any Mortgagee personally or by attorney, in its or their discretion, may, in so far as not prohibited by law:

(a) take immediate possession of the Mortgaged Property, collect and receive all credits, outstanding accounts and bills receivable of the Mortgagor and all rents, income, revenues, proceeds and profits pertaining to or arising from the Mortgaged Property, or any part thereof, whether then past due or accruing thereafter, and issue binding receipts therefor; and manage, control and operate the Mortgaged Property as fully as the Mortgagor might do if in possession thereof, including, without limitation, the making of all repairs or replacements deemed necessary or advisable by such Mortgagee in possession;

(b) proceed to protect and enforce the rights of all of the Mortgagees by suits or actions in equity or at law in any court or courts of competent jurisdiction, whether for specific performance of any covenant or any agreement contained herein or in aid of the execution of any power herein granted or for the foreclosure hereof or hereunder or for the sale of the Mortgaged Property, or any part thereof, or to collect the debts hereby secured or for the enforcement of such other or additional appropriate legal or equitable remedies as may be deemed necessary or advisable to protect and enforce the rights and remedies herein granted or conferred, and in the event of the institution of any such action or suit the Mortgagee instituting such action or suit shall have the right to have appointed a receiver of the Mortgaged Property and of all proceeds, rents, income, revenues and profits pertaining thereto or arising therefrom, whether then past due or accruing after the appointment of such receiver, derived, received or had from the time of the commencement of such suit or action, and such receiver shall have all the usual powers and duties of receivers in like and similar cases, to the fullest extent permitted by law, and if application shall be made for the appointment of a receiver the Mortgagor hereby expressly consents that the court to which such application shall be made may make said appointment; and

(c) sell or cause to be sold all and singular the Mortgaged Property or any part thereof, and all right, title, interest, claim and demand of the Mortgagor therein or thereto, at public auction

at such place in any county (or its equivalent locality) in which the property to be sold, or any part thereof, is located, at such time and upon such terms as may be specified in a notice of sale, which shall state the time when and the place where the sale is to be held, shall contain a brief general description of the property to be sold, and shall be given by mailing a copy thereof to the Mortgagor at least fifteen (15) days prior to the date fixed for such sale and by publishing the same once in each week for two successive calendar weeks prior to the date of such sale in a newspaper of general circulation published in said locality or, if no such newspaper is published in such locality, in a newspaper of general circulation in such locality, the first such publication to be not less than fifteen (15) days nor more than thirty (30) days prior to the date fixed for such sale. Any sale to be made under this subparagraph (c) of this Section 4.03 may be adjourned from time to time by announcement at the time and place appointed for such sale or for such adjourned sale or sales, and without further notice or publication the sale may be had at the time and place to which the same shall be adjourned; provided, however, that in the event another or different notice of sale or another or different manner of conducting the same shall be required by law the notice of sale shall be given or the sale be conducted, as the case may be, in accordance with the applicable provisions of law. The expense incurred by any Mortgagee (including, but not limited to, receiver's fees, counsel fees, cost of advertisement and agents' compensation) in the exercise of any of the remedies provided in this Mortgage shall be secured by this Mortgage.

(d) In the event that a Mortgagee proceeds to enforce remedies under this Section, any other Mortgagee may join in such proceedings. In the event that the Mortgagees are not in agreement with the method or manner of enforcement chosen by any other Mortgagee, the Mortgagees representing a majority of the aggregate unpaid principal balance on the then outstanding Notes may direct the method and manner in which remedial action will proceed.

Section 4.04. **Application of Proceeds from Remedial Actions**:

Any proceeds or funds arising from the exercise of any rights or the enforcement of any remedies herein provided after the payment or provision for the payment of any and all costs and expenses in connection with the exercise of such rights or the enforcement of such remedies shall be applied first, to the ratable payment of indebtedness hereby secured other than the principal of or interest on the Notes; second, to the ratable payment of interest which shall have accrued on the Notes and which shall be unpaid; third, to the ratable payment of or on account of the unpaid principal of the Notes; and the balance, if any, shall be paid to whomsoever shall be entitled thereto.

Section 4.05. **Remedies Cumulative; No Election**:

Every right or remedy herein conferred upon or reserved to the Mortgagees or to the Noteholders shall be cumulative and shall be in addition to every other right and remedy given hereunder or now or hereafter existing at law, or in equity, or by statute. The pursuit of any right or remedy shall not be construed as an election.

Section 4.06. **Waiver of Appraisement Rights; Marshaling of Assets Not Required**:

The Mortgagor, for itself and all who may claim through or under it, covenants that it will not at any time insist upon or plead, or in any manner whatever claim, or take the benefit or advantage of, any appraisement, valuation, stay, extension or redemption laws now or hereafter in force in any locality where any of the Mortgaged Property may be situated, in order to prevent, delay or hinder the enforcement or foreclosure of this Mortgage, or the absolute sale of the Mortgaged Property, or any part thereof, or the final and absolute putting into possession thereof, immediately after such sale, of the purchaser or purchasers thereat, and the Mortgagor, for itself and all who may claim through or under it, hereby waives the benefit of all such laws unless such waiver shall be forbidden by law.

Under no circumstances shall there be any marshaling of assets upon any foreclosure or to other enforcement of this Mortgage.

Section 4.07. **Notice of Default**:

The Mortgagor covenants that it will give immediate written notice to each Mortgagee of the occurrence of any Event of Default or in the event that any right or remedy described in Sections 4.02 and 4.03 hereof is exercised or enforced or any action is taken to exercise or enforce any such right or remedy.

ARTICLE V

POSSESSION UNTIL DEFAULT-DEFEASANCE CLAUSE

Section 5.01. **Possession Until Default**:

Until some one or more of the Events of Default shall have happened, the Mortgagor shall be suffered and permitted to retain actual possession of the Mortgaged Property, and to manage, operate and use the same and any part thereof, with the rights and franchises appertaining thereto, and to collect, receive, take, use and enjoy the rents, revenues, issues, earnings, income, proceeds, products and profits thereof or therefrom, subject to the provisions of this Mortgage.

Section 5.02. **Defeasance**:

If the Mortgagor shall pay or cause to be paid the whole amount of the principal of (and premium, if any) and interest on the Notes at the times and in the manner therein provided, and shall also pay or cause to be paid all other sums payable by the Mortgagor hereunder or under any Loan Agreement and shall keep and perform, all covenants herein required to be kept and performed by it, then and in that case, all property, rights and interest hereby conveyed or assigned or pledged shall revert to the Mortgagor and the estate, right, title and interest of the Mortgagee so paid shall thereupon cease, determine and become void and such Mortgagee, in such case, on written demand of the Mortgagor but at the Mortgagor's cost and expense, shall enter satisfaction of the Mortgage upon the record. In any event, each Mortgagee, upon payment in full to such Mortgagee by the Mortgagor of all principal of (and premium, if any) and interest on any Note held by such Mortgagee and the payment and discharge by the Mortgagor of all charges due to such Mortgagee hereunder or under any Loan Agreement, shall execute and deliver to the Mortgagor such instrument of satisfaction, discharge or release as shall be required by law in the circumstances.

Section 5.03. **Special Defeasance**:

Other than any Notes excluded by the foregoing Sections 5.01 and 5.02 and Notes which have become due and payable, the Mortgagor may cause the Lien of this Mortgage to be defeased with respect to any Note for which it has deposited or caused to be deposited in trust solely for the purpose an amount sufficient to pay and discharge the entire indebtedness on such Note for principal (and premium, if any) and interest to the date of maturity thereof; PROVIDED, HOWEVER, that depository serving as trustee for such trust must first be accepted as such by the Mortgagee whose Notes are being defeased under this section. In such event, such a Note will no longer be considered to be an Outstanding Note for purposes of this Mortgage and the Mortgagee shall execute and deliver to the Mortgagor such instrument of satisfaction, discharge or release as shall be required by law in the circumstances.

ARTICLE VI

MISCELLANEOUS

Section 6.01. **Property Deemed Real Property**:

It is hereby declared to be the intention of the Mortgagor that any electric generating plant or plants and facilities and all electric transmission and distribution lines, or other Electric System or Utility System facilities, embraced in the Mortgaged Property, including (without limitation) all rights of way and easements granted or given to the Mortgagor or obtained by it to use real property in connection with the construction, operation or maintenance of such plant, lines, facilities or systems, and all other property physically attached to any of the foregoing, shall be deemed to be real property.

Section 6.02. **Mortgage to Bind and Benefit Successors and Assigns**:

All of the covenants, stipulations, promises, undertakings and agreements herein contained by or on behalf of the Mortgagor shall bind its successors and assigns, whether so specified or not, and all titles, rights and remedies hereby granted to or conferred upon the Mortgagees shall pass to and inure to the benefit of the successors and assigns of the Mortgagees and shall be deemed to be granted or conferred for the ratable benefit and security of all who shall from time to time be a Mortgagee. The Mortgagor hereby agrees to execute such consents, acknowledgments and other instruments as may be reasonably requested by any Mortgagee in connection with the assignment, transfer, mortgage, hypothecation or pledge of the rights or interests of such Mortgagee hereunder or under the Notes or in and to any of the Mortgaged Property.

Section 6.03. **Headings**:

The descriptive headings of the various articles and sections of this Mortgage and also the table of contents were formulated and inserted for convenience only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

Section 6.04. **Severability Clause**:

In case any provision of this Mortgage or in the Notes or in the Loan Agreements shall be invalid or unenforceable, the validity, legality and enforceability of the remaining provisions thereof shall not in any way be affected or impaired, nor, nor shall any invalidity or unenforceability as to any Mortgagee hereunder affect or impair the rights hereunder of any other Mortgagee.

Section 6.05. **Mortgage Deemed Security Agreement**:

To the extent that any of the property described or referred to in this Mortgage is governed by the provisions of the UCC this Mortgage is hereby deemed a "security agreement" under the UCC, and, if so elected by any Mortgagee, a "financing statement" under the UCC for said security agreement. The mailing addresses of the Mortgagor as debtor, and the Mortgagees as secured parties are as set forth in Schedule "A" hereof. If any Mortgagee so directs the Mortgagor to do so, the Mortgagor shall file as a financing statement under the UCC for said security agreement and for the benefit of all of the Mortgagees, an instrument other than this Mortgage. In such case, the instrument to be filed shall be in a form customarily accepted by the filing office as a financing statement. PROCEEDS OF COLLATERAL ARE COVERED HEREBY. The Mortgagor is an organization of the type and organized in the jurisdiction set forth on the first page hereof. The cover page hereof accurately sets forth the Mortgagor's organizational identification number or accurately states that the Mortgagor has none.

Section 6.06. **Indemnification by Mortgagor of Mortgagees**:

The Mortgagor agrees to indemnify and save harmless each Mortgagee against any liability or damages which any of them may incur or sustain in the exercise and performance of their rightful powers and duties hereunder. For such reimbursement and indemnity, each Mortgagee shall be secured under this Mortgage in the same manner as the Notes and all such reimbursements for expense or damage shall be paid to the Mortgagee incurring or suffering the same with interest at the rate specified in Section 3.14 hereof. The Mortgagor's obligation to indemnify the Mortgagees under this section and under Section 3.04 shall survive the satisfaction of the Notes, the reconveyance or foreclosure of this Mortgage, the acceptance of a deed in lieu of foreclosure, or any transfer or abandonment of the Mortgaged Property.

NOTICE: THIS MORTGAGE SECURES CREDIT IN THE AMOUNT OF $120,000,000.00. 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.

IN WITNESS WHEREOF, MAQUOKETA VALLEY RURAL ELECTRIC COOPERATIVE, as Mortgagor, has causes this Restated Mortgage and Security agreement 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, NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, as Mortgagee and COBANK, ACB, as Mortgagee, have each caused this Restated Mortgage and Security Agreement 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 _____
Larry Swanson, President

(Seal)

Attest: _____
Eugene Mantemach, Secretary

Executed by the Mortgagor in the
Presence of:

_____

_____
Witnesses

UNITED STATES OF AMERICA

by _____

Administrator
of the
Rural Utilities Service

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

Eunice Clinton Eunice Clinton

Joshua J. Cohen

Witnesses

DISTRICT OF COLUMBIA) SS

On this 19th day of December, 2016, personally appeared before me Brandon McBride, who, being duly sworn, did say that he is the Administrator 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, he 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.

Cheryl D. Black
Notary Public

(Notarial Seal)

CHERYL D. BLACK
NOTARY PUBLIC DISTRICT OF COLUMBIA
My Commission Expires June 30, 2021

My commission expires: _____.

COBANK, ACB

by Kelli Cholas Kelli Cholas

Assistant Corporate Secretary

(SEAL)

Attest: Christen Spencer Christen Spencer

Assistant Corporate Secretary

Executed by CoBank, ACB,
Mortgagee, in the presence of:

Kathleen Savageau

Daphne Sabrinano

Witnesses

STATE OF COLORADO)

) SS

COUNTY OF ARAPAHOE)

This instrument was acknowledged before me on December 30, 2016, by Kelli Cholas and Christen Spencer, each an Assistant Corporate Secretary of CoBank, ACB, a federally chartered instrumentality of the United States, on behalf of said entity.

Witness my hand and official seal.

My commission expires:

Notary Public - State of Colorado

CHELSEY MAYABB
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 19954010773
MY COMMISSION EXPIRES JULY 28, 2019

STATE OF IOWA)

)SS

COUNTY OF JONES)

On this 24th day of January, 2017, before me a Notary Public in and for said County, personally appeared Larry Swanson and Eugene Manternach 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.

Notary Public

THOMAS N. DEBOOM
COMMISSION NO. 703127
MY COMMISSION EXPIRES
May 10, 2018

(Notarial Seal)

My commission expires: May 10, 2018

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION

by _____ Jennifer Mink

Assistant Secretary-Treasurer

(SEAL)

Attest: Kristin Goldstein Kristin Goldstein

Assistant Secretary-Treasurer

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

Elaine M. MacDonald

Joyce Malkoun

Witnesses

COMMONWEALTH OF VIRGINIA)

) SS

COUNTY OF LOUDOUN)

I, April Lynn Krebs, a Notary Public in and for the Commonwealth of Virginia, County of Loudoun, do certify that Jennifer Mink, whose name is signed to the writing above, bearing date on the 28th day of December, 2016, has acknowledged the same before me in my county aforesaid.

Given under my hand this 28th day of December, 2016.

APRIL LYNN KREBS
Notary Public
Commonwealth of Virginia
7655722
My Commission Expires Apr 30, 2019

(Notarial Seal)

_____
Notary Public

My commission expires: _____.

SCHEDULE A: Part One

1. The Maximum Debt Limit referred to in Section 1.01 is $120,000,000.00.

2. The state referred to in Section 1.04 is Iowa.

3. The addresses of the parties referred to in Sections 1.05 and 6.05 are as follows:

As to the Mortgagor:

Maquoketa Valley Rural Electric Cooperative
109 North Huber Street
Anamosa, Iowa 52205-1453

As to the Mortgagees:

Rural Utilities Service
United States Department of Agriculture
Washington, DC 20250-1500

National Rural Utilities
Cooperative Finance Corporation
20701 Cooperative Way
Dulles, Virginia 20166

CoBank, ACB
6340 S. Fiddlers Green Circle
Greenwood Village, Colorado 80111

4. 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	August 2, 2004
Supplemental Mortgage	November 1, 2013

5. 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 the Government[1]

Loan Designation	Face Amount	Date	Final Maturity	% Rate[2]
AH61	$696,000.00	02 Feb 1998	02 Feb 2033	V
AK8[3]	$1,506,000.00	01 Mar 1999	31 Dec 2033	V
AL8[4]	$4,254,000.00	03 Apr 2000	31 Dec 2034	V
AM8[5]	$4,641,000.00	01 Nov 2002	31 Dec 2036	V
AN71	$3,258,000.00	02 Aug 2004	02 Aug 2039	V
AP71	$3,500,000.00	03 Jul 2006	03 Jul 2041	V
AR8[6]	$9,000,000.00	01 Apr 2009	31 Dec 2038	V
AS8[7]	$3,000,000.00	03 Jan 2011	31 Dec 2045	V
AT8[8]	$3,250,000.00	03 Sep 2012	31 Dec 2046	V
AU8[9]	$5,000,000.00	01 Nov 2013	31 Dec 2047	V
AV8[10]	$5,000,000.00	01 Dec 2015	31 Dec 2049	V
AW8[11]	$60,000,000.00	03 Jan 2017	31 Dec 2051	V

[1]"Government" as used in this listing refers to the United States of America acting through the Administrator of the Rural Utilities Service (RUS) or its predecessor agency, the Rural Electrification Administration (REA). Any Notes which are payable to a third party and which either RUS or REA has guaranteed as to payment are also described in this listing as being issued to the Government. Such guaranteed Notes are typically issued to the Federal Financing Bank (FFB), an instrumentality of the United States Department of Treasury, and held by RUS, but may also be issued to non governmental entities.

[2]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.

[3]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 and this Mortgage and is entitled to all of the benefits and security of this Mortgage.

[4]See footnote 3 in this Schedule A.

[5]See footnote 3 in this Schedule A.

[6]See footnote 3 in this Schedule A.

[7]See footnote 3 in this Schedule A.

[8]See footnote 3 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-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

SCHEDULE A: PART THREE

CoBank

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 CoBank, ACB

Payor: Maquoketa Valley Rural Electric Cooperative

CoBank Loan Designation	Face Amount of Note	Note Date	Maturity Date	% Rate
RX0065T4	$1,396,000.00	8/2/2004	8/20/2039	Variable
RI0065T05	$1,500,000.00	7/3/2006	7/20/2041	Variable
RI0065T06	$2,146,147.45	7/13/2010	8/20/2020	4.13

SCHEDULE B

Property Schedule

The fee and leasehold interests in real property referred to in Subclause A of Granting Clause First are described on the attached pages designated 1 through 11 of this Schedule B.

The recording jurisdictions referred to in Subclause B of Granting Clause First are: Counties of Buchanan, Cedar, Clayton, Clinton, Delaware, Dubuque, Jackson, Jones and Linn in the State of Iowa.

The contracts referred to in Subclause C of Granting Clause First include without limitation the Wholesale power Contract between Central Iowa Power Cooperative and Maquoketa Valley Rural electric Cooperative, dated as of January 1, 1992, between the Mortgagor and Central Iowa Power Cooperative, as amended.

REAL PROPERTY SCHEDULE

1. **Anamosa Headquarters**
   A certain tract of land described in a certain deed, dated June 7, 1946, by the City of Anamosa, Iowa, a municipal, as grantors, to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Jones in the State of Iowa, in Deed Book AN, on page 217;

2. **Maquoketa Substation**
   A certain tract of land described in a certain deed, dated March 31, 1952, by Fred A. Wilcox and Ada Wilcox, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office the County Recorder of the County of Jackson in the State of Iowa, in Deed Book 89, on page 397, which tract of land is legally described as follows:

   > Lot two (2) of the sub-division of the "Fred Wilcox Farm Lot" in the southwest quarter (SW1/4) of the southeast quarter (SE1/4) section twenty-three (23), township eighty-four (84) north, range two (2) East of the 5th P.M. as the same appears of record in Book 1, Page 244 of the Homestead Record Book in the office of the Recorder of Jackson County, Iowa.

3. **Ryan Substation**
   A certain tract of land described in a certain deed, dated May 1, 1939, by Agnes McElligott, unmarried, as grantor to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Delaware I the State of Iowa, in Deed Book 67, on page 590; also

   A certain tract of land described in a certain deed, dated October 6, 1955, by Elmer E. Carlton and Phoebe A. Carlton, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Delaware in the State of Iowa, in Deed Book 78, on page 179;

4. **Graf Substation**
   A certain tract of land described in a certain deed, dated June 19, 1950, by Frank W. Childers and Rosella Childers, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Dubuque in the State of Iowa, in Deed Book L41, on page 58;

5. **Cascade Substation**
   A certain tract of land described in a certain deed, dated January 10, 1947, by Frank W. Less and Monica A. Less, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Dubuque in the State of Iowa, in Deed Book L36, on page 343;

6. **Manchester Substation**
   A certain tract of land described in a certain deed, dated August 26, 1949, by Charles J. Bready and Lois N. Bready, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Delaware in the State of Iowa, in Deed Book 75, on page 74;

7. **Wyoming Substation**
   A certain tract of land described in a certain deed, dated May 26, 1958, by Tressa Griswold, widow,

as grantor to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Jones in the State of Iowa, in Deed Book 109, on page 393;

8. **Retired Zwingle Substation**
A certain tract of land described in a certain deed, dated April 19, 1949, by Clemens Welsh and Regina Welsch, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Dubuque in the State of Iowa, in Deed Book L39-64;

8A **Zwingle Substation**
A certain tract of land described in a certain deed, dated September 16, 1994 by Henry L. Schuster and Bernice R. Schuster, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Dubuque in the State of Iowa as Instrument Number 12606-94;

9. **THIS PROPERTY WAS SOLD IN 1988**
A certain tract of land described in a certain deed, dated July 20, 1950, by Henry Schroeder, single, as grantor to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Dubuque in the State of Iowa, in Deed Book L41, on page 67. *Sold to CIPCO in 1988*;

10. **Spragueville Substation**
A certain tract of land described in a certain deed, dated November 6, 1953, by Melvin Schmidt and Leona Schmidt, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Jackson in the State of Iowa, in Deed Book 89, on page 553, which is legally described as follows:

> Lot two (2) of the Subdivision of the \northwest quarter (NW1/4) of the northwest quarter (NW1/4) of section twelve (12), township eighty-four (84) north, range four (4) East of the 5th P.M. as record in Book 1, Page 253 of Homestead Records in the Office of the Recorder of Jackson County, Iowa.

11. **Stone City Substation**
A certain tract of land described in a certain deed, dated December 15, 1950, by Clarence B. Dewees and Cora A. Dewees, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County Jones in the State of Iowa, in Deed Book 108, on page 301;

12. **Retired Hopkinton Substation**
A certain tract of land described in a certain deed, dated June 20, 1956, by John Peter Grieff and Mary Grieff, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Delaware in the State of Iowa, in Deed Book 78, on page 430;

12A **Hopkinton Substation**
A certain tract of land described in a certain deed, dated April 21, 1992 by Edna Ruth Schuman, a single person and being the unremarried widow of John P. Schuman, as grantor to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Delaware in the State of Iowa, in Deed Book 129, page 237;

13. **Holy Cross Substation**
A certain tract of land described in a certain deed, dated June 29, 1956, by Peter C. Regan and Mabel Regan, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee,

and recorded in the office of the County Recorder of the County of Dubuque in the State of Iowa, in Deed Book L48, on page 160;

14. **Backbone Substation**
A certain tract of land described in a certain deed, dated February 26, 1958, by Frank E. Clark and Bertha M. Clark, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Delaware in the State of Iowa, in Deed Book 80, on page 266;

15. **St. Donatus Substation**
A certain tract of land described in a certain deed, dated November 1, 1960 by Aaron W. Hueneke and Phyllis Hueneke, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Jackson in the State of Iowa, in Deed Book 97, on page 174, which tract is legally described as follows:

> Aaron Place in Section eight (8), Tete Des Morts Township, Jackson County, Iowa, same being in Township eight-seven (87) north, range four (4), East of the 5th P.M.

16. **Petersburg Substation**
A certain tract of land described in a certain deed, dated October 1, 1962, by Lawrence Bonert, a widower, as grantor to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Delaware in the State of Iowa, in Deed Book 82, on page 537;

17. **Scotch Grove Substation**
A certain tract of land described in a certain deed, dated November 12, 1963, by Henry L. Moenk, Jr. as grantor to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Jones in the State of Iowa, in Deed Book 113, on page 632;

18. **Union Substation**
A certain tract of land described in a certain deed, dated February 28, 1968, by the Merchant's National Bank of Cedar Rapids and Geraldine Mound, Co-Trustees of the Charles E. Roberts Trust; Edna B. Roberts, Widow, and not remarried; Vernon M. Melchert and Therese Melchert, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Delaware in the State of Iowa, in Deed Book 87, on page 90;

19. **Bernard Substation**
A certain tract of land described in a certain deed, dated July 1, 1970, by John J. Melloy and Mary C. Melloy, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Dubuque in the State of Iowa, in Deed Book L64, on page 494;

20. **Fulton Substation**
A certain tract of land described in a certain deed, dated September 13, 1963, by Frank L. Wilson and Anna Wilson, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the county of Jackson in the State of Iowa, in Deed Book 100, on page 157, which tract of land is legally described as follows:

> R.E.C. Place in the northwest quarter (NW1/4) of section twenty-two (22), township eighty-five (85) north, range two (2) East of the 5th P.M., Jackson County , Iowa, more particularly described as follows: Commencing at the north one-quarter corner of section twenty-two (22); thence west along the east-west section line and center of county road,

one thousand twenty-five and twenty-five-hundredths (1,025.25) feet to the point of beginning; thence south two hundred forty-two and thirty-one-hundredths (242.31) feet; thence west two hundred eight and seventy-one-hundredths (208.71) feet; thence north two hundred forty-two and thirty-one-hundredths (242.31) feet to said east-west section line; thence east two hundred eight and seventy-one-hundredths (208.71) feet along east-west section line and center of county road to point of beginning.

21. **Table Mound Substation**
A certain tract of land described in a certain deed, dated September 25, 1962 by Marcella Connolly, a widow and not remarried, as grantor to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Dubuque in the State of Iowa, in Deed Book L55, on page 193;

22. **Van Buren Substation**
A certain tract of land described in a certain deed, dated August 1, 1966, by Wilbur H. Ringen and Erma M. Ringen, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the county of Jackson in the State of Iowa, in Deed Book 104, on page 307; also

A certain tract of land described in a certain deed, dated August 1, 1966, by Emma Bethke, single, as grantor to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Jackson in the State of Iowa, in Deed Book 104, on page 308, which is legally described as follows:

Lot two (2) of the sub-division of the northwest quarter (NW1/4) of section eleven (11), township eighty-four (84) north, range five (5) East of the 5th P.M. in Van Buren Township, containing 1.00 acres, exclusive of County Roads.

23. **Farley Substation**
A certain tract of land described in a certain deed, dated November 28, 1960, by Frederick A. Schemmel and Emma Schemmel, husband and wife, as grantor to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County Dubuque in the State of Iowa, in Deed Book L53, on pages 483 & 484;

24. **Rome Substation**
A certain tract of land described in a certain deed, dated November 25, 1966, by Richard A. Eiselstein and Ethel Eiselstein, husband and wife, as grantor to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Jones in the State of Iowa, in Deed Book 115, on page 17;

25. **Peosta Substation**
A certain tract of land described in a certain deed, dated October 8, 1969, by Charles F. Schemmel and I. Esther Schemmel, husband and wife, of Dubuque County, Iowa and Mrs. LaVon Pasker, a widow, and not remarried, of Jones County, Iowa, as grantor to Mortgagor, as grantee, and recorded in the office of the County Recorder of the County of Dubuque in the State of Iowa, in Deed Book L 63, on page 514;

25A. **Peosta Warehouse**
That certain tract of real estate in Dubuque County, Iowa, legally described as follows:

Lot 2 of ROYAL OAKS EAST SECOND ADDITION in the City of Peosta, Dubuque County, Iowa, according to the recorded Plat thereof.

26. **THIS PROPERTY WAS SOLD IN 1976**

A certain tract of land described in a certain deed, dated June 4, 1948, by Mariett Childs and R. E. Childs, wife and husband; Alice Taplin White, a single person; Ada Brown, a single person; Olive Frentress and W.T. Frentress, wife and husband; Edna Wendel, a single person; Ethel Kellogg and Ray Kellogg, wife and husband; as grantor to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the Office of the County Recorder of the County of Delaware in the State of Iowa, in Deed Book 18, on page 360;

27. **Anamosa Radio Tower**
A certain tract of land described in a certain deed, dated September 25, 1962, by Robert L. Lincoln and Patricia R. Lincoln, husband and wife, and James Kraus, Jr. and Evelyn LaDonna Kraus, husband and wife, as grantor to Maquoketa Valley Rural Electric Cooperative as grantee, and recorded in the office of the County Recorder of the County of Jones in the State of Iowa, in Deed Book 113, on page 84;

28. **Dyersville Radio Tower**
A certain tract of land described in a certain deed, dated August 2, 1962, by Joseph C. Krogman and Magdalen J. Krogman, husband and wife, as grantor to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Record of the County of Dubuque in the State of Iowa, in Deed Book L55, on page 136;

29. **Otter Creek Radio Tower**
A certain tract of land described in certain deed, dated June 25, 1962, by Chris Anglin and Ella Anglin, husband and wife, and Peter Dotterweich and Helen S. Dotterweich, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Jackson in the State of Iowa, in Deed Book 99, on page 12, which tract is legally described as follows:

> "R.E.C. PLACE" in section twenty-six, Otter Creek Township, Jackson County, Iowa, comprised and made up of the tract of land described as follows: Commencing at the one-quarter section corner common to sections twenty-three and twenty-six (26) in township eight-six (86) north, range two (2) East of the 5th P.M., being in Otter Creek Township, Jackson County, Iowa; thence west on section line one thousand nine hundred ten and no-hundredths (1910.00) feet to the point of beginning of tract being described; thence continuing west three hundred twenty-three and sixty-hundredths (323.60) feet to center of public highway and westerly lot line of property; thence south 5° 52' west along center line of said public highway, one hundred fifty (150) feet; thence east three hundred twenty-three and sixty-hundredths (323.60) feet; thence north 5° 52' east one hundred fifty (15) feet to point of beginning, containing 1.108 acres, more or less.

30. **Paradise Substation**
A certain tract of land described in a certain deed, dated March 13, 1972, by Ardo Junk and Susan Junk, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee and recorded in the office of the County Recorder of the County of Jackson in the State of Iowa, in Deed Book 114, on page 16, which tract of land is legally described as follows:

> R.E.C. Place in Bellevue Township, Jackson County, Iowa (in section fifteen (15), township eighty-six (86) north, range four (4) East of the 5th P.M., Jackson County, Iowa, according to the recorded plat thereof, as recorded in Plat Book 1-B, page 24.

31. **Monmouth Substation**
A certain tract of land described in a certain deed, dated October 10, 1972, by A.E. DeLarm and Laura M. DeLarm, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee and recorded in the office of the County Recorder of the County of Jackson in the State of Iowa, in Deed Book 115, on page 269, which tract of land is legally described as follows:

> "R.E.C. PLACE" in section twenty-nine (29), Monmouth Township, (a part of the west half (W1/2) of the northwest quarter (NW1/4) of the southwest quarter (SW1/4) of section twenty-nine (29), township eight-four (84) north, range one (1) East of the 5th P.M.), Jackson County, Iowa, according to the plat thereof recorded in Book 113, Page 38, File No. 1839 in the Office of the Recorder, Jackson County, Iowa;

32. **Edgewood Substation**
A certain tract of land described in a certain deed, dated November 6, 1975 by Francis K. Funke and Mildred J. Funke, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Delaware in the State of Iowa, in Deed Book 98, on page 106;

33. **Lovell Substation**
A certain tract of land described in a certain deed, dated October 11, 1976, by John Fistzsimons, single, as grantor to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Jones, in the State of Iowa, in Deed Book 120, on page 188;

34. **THIS PROPERTY WAS SOLD IN 2013**
A certain tract of land described in a certain deed, dated January 11, 1977, by Gerald A. Anstoetter and Mary E. Anstoetter, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Dubuque in the State of Iowa, as Instrument Number 2917 - 77, on March 30, 1977. *This property was sold in 2013 to Ronald J. Ament; Partial Release of Real Estate Mortgage and Security Agreement which released the lien against this property executed the lien holders was recorded with the Office of the Dubuque County, Iowa Recorder on May 29, 2013 with file number 2013-00008806*;

35. **Anamosa Property (East of Quonset)**
A certain tract of land described in a certain deed, dated February 18, 1977 by Jesserend D. Conrad and Laura M. Conrad, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Jones in the State of Iowa, in Deed Book BD, on page 169;

36. **Anamosa Property (North of Quonset)**
A certain tract of land described in a certain deed, dated April 11, 1977 by Gerald J. Hart and Brenda L. Hart, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Jones in the State of Iowa, in Deed Book BD, on page 170;

37. **Anamosa Property**
A certain tract of land described in a certain deed, dated August 17, 1977 by George J.I. Askam and Anna P. Askam, husband and wife, and by James A. Mettler and Patrica L. Mettler, husband and wife, as grantor to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Jones in the State of Iowa, in Deed Book BD, on page 437;

38. **Anamosa Property**
A certain tract of land described in a certain deed, dated May 10, 1978 by Aileen U. Miller, a widow, as grantor to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Jones in the State of Iowa, in Deed Book BD, on page 760;

39. **Sherrill Substation LEASE**
A certain tract of land described in a certain lease agreement, dated May 18, 1978 between John Deere Dubuque Works of Deere and Company, as lessor, to Maquoketa Valley Rural Electric Cooperative, **as lessee**;

40. **Retired Earleville Substation**
A certain tract of land described in a certain deed, dated June 22, 1978 by Walter L. Rafoth and Florence M. Raforth, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County recorder of the County of Delaware in the State of Iowa, in Deed Book 102, on page 304;

41. **Julien Switching Station**
A certain tract of land described in a certain deed, dated December 29, 1978 by Mary M. Watters and George E. Watters, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee and recorded in the office of the County Recorder of the County of Dubuque in the State of Iowa, as Instrument Number 160-79;

41A **Julien Substation**
A certain tract of land described in a certain deed, dated January 8, 1994 by Wal-Mart Stores, Incorporated, a corporate grantor, as grantor to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Dubuque in the State of Iowa as Instrument Number 2604-94;

42. **Mosalem Substation**
A certain tract of land described in a certain deed, dated October 16, 1979 by Elmer A. Greve and Rosemary E. Greve, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Dubuque in the State of Iowa, as Instrument Number 9223-79;

43. **Prairie Substation**
A certain tract of land described in a certain deed, dated October 27, 1980 by Arthur William Smith and Ruth Helen Smith, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Delaware in the State of Iowa, in Deed Book 108, page 225;

43A **Prairie Substation addition**
A certain tract of land described in a certain deed dated June 22, 1999 by Daniel H. Petersen as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County of Delaware in the State of Iowa, in book 1999 page 2794;

44. **Otter Creek Substation**
A certain tract of land described in a certain deed, dated October 24, 1980 by Paul F. McAllister and Myrtle M. McAllister, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Jackson in the State of Iowa, in Deed Book 135, page 35, which tract of land is legally described as follows:

> "R.E.C. Place" in section twenty-two (22), Otter Creek Township, Jackson County, Iowa, which is comprised and made up of a tract of land located in the northeast quarter (NE1/4) of southeast quarter (SE1/4), section twenty-two (22), township eight-six (86) north, range two (2) East of the 5th P.M., being in Otter Creek Township, Jackson County, Iowa and is described a follows: Commencing at the southeast corner of the southwest quarter (SW1/4), section twenty-three (23), township eighty-sic (86) north, range two (2) East of the 5th P.M. being in Otter Creek Township, Jackson County, Iowa; thence north one thousand three hundred thirty and no-hundredths (1330.00) feet to the centerline of Secondary Road (FAS-4729; thence north 89° 30' 30" west, one hundred eight-seven and thirty-six-hundredths (187.36) feet along centerline of said road; thence northwesterly one thousand three hundred eighty and no-hundredths (1380.00) feet along centerline of said road and along a four thousand forty-four and forty-on-hundredths (4044.41) feet radius curve concave northerly; thence north 69°57' 30" west, two thousand three hundred ninety-seven and fourteen-hundredths (2397.14) feet along centerline of said road; thence south 0° 02' 30" west, sixty-nine and twenty-one-hundredths (69.21) feet to the point of beginning of the tract of land being described; thence continuing south 0° 02' 30" west, one hundred seventeen and ninety-hundredths (117.90) feet; thence north 89° 57' 30" west, one hundred fifty and no-hundredths (150.00) feet; thence north 0° 02' 30" east, one hundred seventy-two and fifty-hundredths (172.50) feet to the southerly right of way line of said road; thence south 69° 57' 30" east, one hundred fifty-nine and sixty-three-hundredths (159.63) feet along said right of way line of said road to the point of beginning.

45. **Anamosa Property**
A certain tract of land described in a certain deed, dated April 23, 1984 by Clifford McGuire, a single person, as grantor to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the county Recorder of the County of Jones in the State of Iowa, in Deed Book BH, page 190;

46. **Anamosa Property**
A certain tract of land described in a certain deed, dated September 18, 1985 by Douglas Implements, Inc., a place of business, as grantor to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Jones in the State of Iowa, in Deed Book 224, page 300;

47. **Pfeiler Substation**
A certain tract of land described in a certain deed, dated August 3, 1987 by Ruth M. Frericks, aka Ruth Gibbs Frericks, aka Ruth Mary Frericks and LeRoy Frericks, wife and husband, as grantor to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Delaware in the State of Iowa, in Deed Book 121, page 69;

48. **Anamosa Property**
A certain tract of land described in a certain deed, dated October 17, 1990, and revised December 13, 1990 by the City of Anamosa, Iowa a municipal, as grantors, to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Jones in the State of Iowa, in Deed Book 299, page 200;

49. **Anamosa Property**
A certain tract of land described in a certain deed, dated December 1, 1993 by Edward L. Edwards and Nance I. Edwards, husband and wife, as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the County of Jones, in the State of Iowa, in Deed Book 350, page 76;

50. **Bankston Substation**
A Certain tract of land described in a certain deed dated February 9, 1996 by James D. Daly and Catherine Daly, husband and wife as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County Recorder of the county of Dubuque in the State of Iowa, as Instrument Number 1559-96;

51. **Thunder Hills Substation**
A certain tract of land described in a certain deed dated January 22, 1998 by the State Of Iowa as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County of Dubuque in the State of Iowa, as Instrument Number 1577-98;

52. **Anamosa Property (former Duplex)**
A certain tract of land described in a certain deed dated January 4, 1999 by James A. Ricklefs and Phyliss JoAnn Ricklefs as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County of Jones in the State of Iowa, as Instrument Number 1999-0050;

53. **Anamosa Property (bordering Davis Street)**
A certain tract of land described in a certain deed dated January 4, 1999 by Garret C. Moenk and Willene T. Moenk as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County of Jones in the State of Iowa, as Instrument Number 1999-0051;

54. **Proposed Timber City Substation Site**
A certain tract of land described in a certain deed dated May 11, 2006 by Richard L. Hainstock and Mary Jo Hainstock as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County of Jackson in the State of Iowa, as Document Number 06-1904;

55. **Anamosa Property (formerly School Street and RR property)**
A certain tract of land described in a certain deed dated March 3, 2004 by the City of Anamosa as grantors to Maquoketa Valley Rural Electric Cooperative, as grantee, and recorded in the office of the County of Jones in the State of Iowa, as Instrument Number 2004-0892;

56. **Cascade LEASE**
A certain tract of land legally described as "Lot 2 of Koppes Industrial Park, in the City of Cascade, Dubuque County, Iowa, according to the recorded Plat thereof," locally known as 124 Industrial Street SE, Cascade, Iowa 52033 in that certain lease agreement between H&J Real Estate, L.L.C. as Lessor to Maquoketa Valley Electric Cooperative **as lessee** with a term commencing January 1, 2010.

57. **LaMotte Outpost LEASE**
A certain tract of land locally known as 116 South Main Street, LaMotte, Jackson County, IA 52054, under that certain lease agreement dated December 18, 2000, as amended in September 2003 and in August 2006, between Steve Ehlinger Construction, as lessor, and Maquoketa Valley Rural Electric Cooperative, **as lessee**.

59. **Manchester Outpost LEASE**
A certain tract of land locally known as 1013 S. 3rd Street, Manchester, Delaware County, Iowa, under that certain lease agreement dated September 1, 2008, between R&J Rental LLC, as lessor, and Maquoketa Valley Rural Electric Cooperative, **as lessee**.

60. **Anamosa Property (located on the West side of Huber Street)**

A certain tract of land described in a certain deed dated November 1, 2016 by Starlighters II, Incorporated as grantor to Maquoketa Valley Rural Electric Cooperative, grantee, and recorded in the office of the County of Jones in the State of Iowa, as Instrument Number 2016-3057 and legally described as follows:

Plot "A" of Shaw's Subdivision of Lot 25, Fisher's East Anamosa, Jones County, Iowa, specifically described as follows: Commencing at the Southwest corner of Section 2, Township 84, North, Range 4, West of the 5th P.M., running thence East along the center line of First Street a distance of 1332.3 feet to the intersection of the centerline of First Street and the center line of Davis Street; running thence North along the center line of Davis Street a distance of 896 feet to an iron pin; running thence West a distance of 559.1 feet to an iron pin at or near the intersection of the West line of Huber Street and the South line of the Chicago & Northwestern Railroad right of way, the point of beginning; running thence North 73°32' West a distance of 183.9 feet to an iron pin; thence South 12°26' West a distance of 63.8 feet to an iron pin; running thence South 88°40' East a distance of 34.3 feet to an iron pin; running thence South 2°34' West a distance of 42.2 feet to an iron pin; running thence South 84°54' East a distance of 133 feet to an iron pin; running thence North 1°40' East a distance of 19.7 feet to an iron pin; running thence South 86°53' East a distance of 31 feet to an iron pin; running thence North 7°46' West a distance of 48.1 feet to the point of beginning;

Also a tract of land bounded as follows: Commencing on the West line of Huber Street in the City of Anamosa, Iowa, at a point 48.1 feet Southerly of the Northeast corner of Plot A of Shaw's Subdivision of Lot 25, Town of Anamosa, as shown by the Plat recording in Plat Book C, Page 120; thence westerly along the South line of Plot A above referred to, 31 feet to an iron pin; thence South 1°40' West 19.7 feet to an iron pin; thence Easterly along an extension of the South line of said Plot A above referred to, to the West line of Huber Street; thence Northerly along the West line of Huber Street, to the place of commencement.

THERE IS EXCEPTED from all of the above described real estate any part thereof lying South of the following described line: Commencing at a point 140.70 feet North of the North line of Main Street on the East line of Ford Street, said point being 19.05 feet North of the Northwest corner of Lot 17, of the plat of Fisher's East Anamosa, and 40 feet South of the South wall of the Eureka building; running thence Easterly to a point on the West side of Huber Street, 118.65 feet North of the North line of Main Street (also being at the center of the electric pole 2.7 feet South of the Southeast corner of the frame Harness Shop Building.)

A part of Lots 13, 14, 26 and 27 of Shaw's Subdivision of Lot 25 in Fisher's East Anamosa and of the vacated alley in said Lot 25, described by beginning at the point of intersection of the West line of Huber Street with the South line of the right of way of Chicago, Milwaukee, St. Paul and Pacific Railroad Company, which point is midway between the center line of the main track of said Railroad Company and the center line of the main track (now removed) of the party of the first part; thence running Westerly along said South right of way line to a point which is 15 feet West of the East line of said Lot 27, and 25 feet South of the center line of said main track of the Chicago, Milwaukee, St. Paul and Pacific Railroad Company; thence continuing Westerly on said Southerly right of way line, parallel with and distant 25 feet Southerly from the center line of the main track of the Chicago, Milwaukee, St. Paul and Pacific Railroad Company to the West line of said Lot 26; thence running South along the West line of said Lots 26 and 27 to a point which is 9 feet Southerly, at a right angle from the center line of the existing railroad side track as now located across said Lots 13, 14, 26 and 27; thence running Easterly on a line parallel with and distant 9 feet Southerly, at a right angle from the center line of said side track to the West line of Huber Street; thence running North along the West line of Huber Street to the place of beginning.

61. **Anamosa Property (former railroad right-of ways)**

A certain tract of land described in a certain deed dated November 21, 2016 by the City of Anamosa as grantor to Maquoketa Valley Rural Electric Cooperative, as grantee and recorded in the office of the County of Jones in the State of Iowa, as Instrument No. 2016-3328 and legally described as follows:

Parcel 2016-78, a portion of Parcel 2005-158, being a part of the former Chicago, Milwaukee, St. Paul and Pacific Railroad right-of-way in the SW¼ SW¼ of Section 2, Township 84 North, Range 4 West of the 5th P.M., in the City of Anamosa, Jones County, Iowa, as shown by the Amended Plat of Survey recorded at Plat Book V, Page 147 (and as Doc. No. 2016-3719) of the Jones County, Iowa records;

AND

Parcel 2016-80, being part of the abandoned railroad right-of-way between Ford and Huber Streets in the SW¼ SW¼ of Section 2, Township 84 North, Range 4 West of the 5th P.M., in the City of Anamosa, Jones County, Iowa, as shown by the Amended Plat of Survey recorded at Plat Book V, Page 146 (and as Doc. No. 2016-3718) of the Jones County, Iowa records.

SCHEDULE C

Excepted Property

None.

Exhibit A

Manager's Certificate

MANAGER'S CERTIFICATE REQUIRED UNDER MORTGAGE SECTION 2.01 FOR ADDITIONAL NOTES

On behalf of *Name of Borrower* (the "Borrower"),

I _____ hereby certify as follows:

(1) I am the Manager of the Borrower and have been duly authorized to deliver this certificate in connection with the Additional Note or Notes to be issued on or about *Date Note(s) are to be Signed* _ pursuant to Section 2.01 of the Mortgage dated _____.

(2) No Event of Default has occurred and is continuing under the Mortgage, or any event which with the giving of notice or lapse of time or both would become an Event of Default has occurred and is continuing.

(3) The Additional Notes described in paragraph 1 are for the purpose of funding Property Additions being constructed, acquired, procured or replaced that are or will become part of the Borrower's Utility System.

(4) The Property Additions referred to in paragraph 3 are Eligible Property Additions, i.e. Property Additions acquired or whose construction was completed not more than 5 years prior to the issuance of additional Notes and Property Additions acquired or whose construction is started and/or completed not more than 4 years after issuance of the additional Notes, but shall exclude any Property Additions financed by any other debt secured under the Mortgage at the time additional Notes are issued

(5) I have reviewed the certificate of the Independent certified public accountant also being delivered to each of the Mortgagees pursuant to Section 2.01 in connection with the aforesaid Additional Note or Notes and concur with the conclusions expressed therein.

(6) Capitalized terms that are used in this certificate but are not defined herein have the meanings defined in the Mortgage.

SAMPLE - NOT FOR EXECUTION

_____ _____

Signed Date

_____ _____

Name

_____ _____

Title

Name and Address of Borrower

_____

_____

_____

Exhibit B

Form of Supplemental Mortgage

Supplemental Mortgage and Security Agreement, dated as of _____, (hereinafter sometimes called this "Supplemental Mortgage") is made by and among _____(hereinafter called the "Mortgagor"), a corporation existing under the laws of the State of_____, and the UNITED STATES OF AMERICA acting by and through the Administrator of the Rural Utilities Service (hereinafter called the "Government"), _____ (Supplemental Lender) (hereinafter called_____), a _____ existing under the laws of _____, and intended to confer rights and benefits on both the Government and _____ and _____ in accordance with this Supplemental Mortgage and the Original Mortgage (hereinafter defined) (the Government and the Supplemental Lenders being hereinafter sometimes collectively referred to as the "Mortgagees").

Recitals

Whereas, the Mortgagor, the Government and _____ 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 between the Mortgagor, the Government acting by and through the Administrator of the Rural Utilities Service (hereinafter called "RUS"), and _____ ; 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, and to add _____ as a Mortgagee and secured party hereunder and under the Existing Mortgage (the Supplemental Mortgage and the Existing Mortgage, hereinafter sometimes collectively referred to the "Mortgage"); and

Whereas, all of the Mortgagor's Outstanding Notes listed in Schedule "A" hereto is 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 do hereby add _____ as a Mortgagee and a secured party 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 related 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 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 to 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, _____ as Mortgagor

[ACKNOWLEDGMENTS]

SAMPLE - NOT FOR EXECUTION

Supplemental Mortgage Schedule A

Maximum Debt Limit and Other Information

(1) The Maximum Debt Limit is $_____ .

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

(3) The Outstanding Notes referred to in the fourth WHEREAS clause above are more particularly described as follows:

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

Supplemental Mortgage Schedule B

Property Schedule

The fee and leasehold interests in real property referred to in clause A of the Granting Clause are described on the attached pages designated through of this Schedule B.