SOLDIER'S DISCHARGE RECORD Page.....

REAL ESTATE MORTGAGE RECORD No. 100, MADISON COUNTY, IOWA

J. H. WELCH PRTG. CO., DES MOINES 6834

Farmers Electric Cooperative, Inc #3314

To

Des Moines Bank & Trust Co

No 4 as Trustee

Fee $11.20 VL

Filed for record the 9 day of August A.D. 1948 at 10:21 o'clock A.M.

Wilma M. Wade, Recorder

INDENTURE

INDENTURE, dated as of July 20, 1948, made by and between FARMERS ELECTRIC COOPERATIVE, INC. (hereinafter called the "Corporation"), an incorporated cooperative association organized and existing under the laws of the State of Iowa and DES MOINES BANK & TRUST COMPANY (hereinafter called the "Trustee"), a banking corporation organized and existing under the laws of the State of Iowa.

WHEREAS, the Corporation has determined to borrow funds from UNITED STATES OF AMERICA (hereinafter called the "Government") under and pursuant to the Rural Electrification Act of 1936, as amended, for its lawful corporate purposes and, to that end, has duly authorized and executed, and has delivered to the Government, its mortgage note (hereinafter called the "First Note") to be secured by an indenture of mortgage and deed of trust in the terms hereof of the property hereinafter described; and

WHEREAS, the First Note is of even date herewith, is in the principal amount of two hundred sixty-two thousand one hundred twenty-one dollars ($262,121 -), is payable to the order of the Government at the United States Treasury, Washington, D.C., bears interest at the rate of two per centum per annum, and provides for the accumulation of the interest accruing on the principal thereof for five years after the date thereof, and provides further for payments thereafter on the tenth day of January, April, July, and October in each year, which payments will be in amounts calculated to be sufficient to pay and discharge the principal of the First Note and interest thereon within thirty-five (35) years after the date thereof, at which time the unpaid principal of the First Note and interest thereon, if any, shall become due and payable; and

WHEREAS, the Corporation, for value received, has heretofore duly authorized and executed, and has delivered to the Government, certain mortgage notes (hereinafter collectively called the "Outstanding Notes"), all payable to the order of the Government, the first of which is dated July 20, 1939, is in the principal amount of $197,000 and is payable in monthly installments on or before July 20, 1964, the second of which is dated October 5, 1940, is in the principal amount of $174,000 and is payable in monthly installments on or before October 5, 1965, the third of which is dated April 10, 1944, is in the principal amount of $75,000 and is payable in monthly installments on or before April 10, 1969, the fourth of which is dated September 30, 1944, is in the principal amount of $75,000 and is payable in quarterly installments on or before September 30, 1979, the fifth of which is dated July 10, 1945, is in the principal amount of $150,000 and is payable in quarterly installments on or before July 10, 1980, the sixth of which is dated December 20, 1945, is in the principal amount of $115,000 and is payable in quarterly installments on or before December 20, 1980, and the seventh of which is dated October 22, 1946, is in the principal amount of $625,000 and is payable in quarterly installments on or before October 22, 1981; and

WHEREAS, by the terms of a certain agreement (hereinafter called the "Extension Agreement"), dated as of March 3, 1948, the unmatured and unpaid portion of the principal amount of each of the first three of the Outstanding Notes advanced prior to the date of the Extension Agreement is payable in quarterly installments on or before thirty-five years from the date of each such note, and the portion, if any, of the principal amount of each such note advanced on or after the date of the Extension Agreement is or will be payable in quarterly installments on or before thirty-five years from the date of the extension agreement; and

WHEREAS, the Outstanding Notes were executed and delivered under and pursuant to a certain indenture of deed of trust, dated as of July 20, 1939, made by and between the Corporation and the Trustee, and are secured by said indenture of deed of trust, as amended

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and supplemented by two certain supplemental indentures dated, respectively, as of October 15, 1941, and as of September 30, 1944, also made by and between the Corporation and the Trustee (said indenture of deed of trust, as amended and supplemented by said supplemental indentures , being hereinafter called the "Underlying Mortgage"); and

WHEREAS, the Government is the holder of the Outstanding Notes; and

WHEREAS, it is contemplated that the Outstanding Notes and the First Note shall be secured hereby and that additional notes (hereinafter called the "additional notes") shall from time to time be executed and delivered by the Corporation to the Government to evidence loans made by the Government to the Corporation pursuant to the Rural Electrification Act of 1936, as from time to time emended (hereinafter called the "Act"), or to ~~it~~ evidence indebtedness incurred by the assumption by the Corporation of the indebtedness of a third party or parties to the Government created by a loan or loans theretofore made by the Government to such third party or parties pursuant to the Act or the Emergency Relief Appropriation Act of 1935 (hereinafter called the "Relief Act") and that from time to time the Corporation may execute and deliver to the holder or holders of outstanding notes secured hereby notes to refund such outstanding notes, or in renewal thereof, or in substitution therefor, all to be secured hereby (the First Note, the Outstanding Notes, the additional notes, notes executed and delivered to refund, or in renewal of, or in substitution for and/any note or notes at any time outstanding and secured hereby being hereinafter sometimes collectively called the "notes");

NOW, THEREFORE, THIS INDENTURE WITNESSETH that, in order to secure the payment of the principal of and interest on the notes according to their tenor and effect, and further to secure the due performance of the covenants, agreements, and provisions contained in this Indenture and to declare the terms and conditions upon which the notes are to be secured, the Corporation, in consideration of the premises, has executed and delivered this Indenture, and has granted, bargained, sold, conveyed, warranted, assigned, transferred, mortgaged, pledged, and set over, and by these presents does hereby grant, bargain, sell, convey, warrant, assign, transfer, mortgage, pledge, and set over, unto the Trustee, and its successor or successors in the trust hereby created, and its and their assigns, all and singular the following described property (hereinafter sometimes called the "Trust Estate"):

I

All right, title, and interest of the Corporation in and to the electric transmission and distribution lines and facilities constructed or acquired with the proceeds of loans evidenced by the Outstanding Notes, and located in the Counties of Adair, Cass, Guthrie, Madison and Union in the State of Iowa, and in and to the electric transmission and distribution lines and facilities proposed to be constructed or acquired by the Corporation with the proceeds of the loans evidenced by the Outstanding Notes and the First Note pursuant to a certain amending loan contract (hereinafter called the "Loan Contract") between the Corporation and the Government, dated as of July 19, 1948, and to be located in the counties mentioned above and in counties contiguous to any of the counties enumerated above in the State of Iowa, and in and to all extensions and improvements thereof and additions thereto, including all substations, service and connecting lines, poles, posts, cross arms, wires, cables, conduits, mains, pipes, tubes, transformers, insulators, meters, electrical connections, lamps, fuses, junction boxes, fixtures, appliances, machinery, tools, supplies, switching and other equipment, trucks and automobiles, and any and all other property of every nature and description, used or acquired for use by the Corporation in connection therewith; and also all right, title, and interest of the Corporation in and to any and all other electric transmission and distribution lines or systems and electric generating plants at any time or times hereafter constructed or acquired by the Corporation, and all extensions and improvements thereof and additions thereto, together with any and all other

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property of every nature and description used or acquired for use by the Corporation in connection therewith, wherever located in the above-mentioned state, including, without limitation, all property of the classes hereinabove listed;

II

All right, title, and interest of the Corporation in, to and under any and all grants, privileges, rights of way and easements now owned, held, leased, enjoyed, or exercised, or which shall hereafter be owned, held, leased, acquired, enjoyed, or exercised by the Corporation for the purposes of and in connection with the construction or operation by or on behalf of the Corporation of electric transmission or distribution lines or systems, whether underground or overhead or otherwise, or of any electric generating plant, wherever located in the above-mentioned State;

III

All right, title, and interest of the Corporation in, to and under any and all licenses, franchises, ordinances, privileges, and permits heretofore granted, issued, or executed, or which may hereafter be granted, issued, or executed to it or to its assignors by United States of America, or by any state, or by any county, township, municipality, village or other political subdivision thereof, or by any agency, board, commission, or department of any of the foregoing, authorizing the construction, acquisition, or operation of electric transmission or distribution lines or systems, or any electric generating plant or plants in the above mentioned State, insofar as the same may by law be assigned, granted, bargained, sold, conveyed, transferred, mortgaged, or pledged;

IV

All right, title and interest of the Corporation in, to and under any and all contracts heretofore or hereafter executed by and between the Corporation and any person, firm, or corporation providing for the purchase or exchange of electric energy by the Corporation;

V

Also, all right, title, and interest of the Corporation in and to all other property, real or personal, tangible or intangible, of every kind, nature, and description, and wheresoever situate, now owned or hereafter acquired by the Corporation, it being the intention hereof that all such property acquired or held by the Corporation after the date hereof shall be as fully embraced within and subjected to the lien hereof as if the same were now owned by the Corporation and were specificially described herein, to the extent only, however, that the subjection of such property to the lien hereof shall not be contrary to law;

Together with all rents, income, revenues, profits, and benefits at any time derived, received, or had from any and all of the above-described property of the Corporation.

TO HAVE AND TO HOLD all and singular the Trust Estate unto the Trustee, its successor or successors in the trust hereby created, and its and their assigns, forever; subject and subordinate, however, to the lien of the Underlying Mortgage.

IN TRUST, NEVERTHELESS, for the equal and proportionate use, benefit, and security of all and singular the person or persons, or body or bodies politic or corporate, who or which shall from time to time be the holders of notes, and to secure the payment of the principal of and interest on the notes according to their tenor and effect, without preference, priority, or distinction 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, and to secure the performance of the covenants, agreements, and provisions herein contained, and for the uses and purposes and upon the terms, conditions, provisos, and agreements hereinafter expressed and declared.

ARTICLE I
ADDITIONAL NOTES

SECTION 1.The Corporation, when authorized by resolution or resolutions of its board

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of directors, may from time to time execute and deliver to the Government one or more additional notes to evidence loans made by the Government to the Corporation pursuant to the Act, or to evidence indebtedness of the Corporation incurred by the assumption by the Corporation of the indebtedness of a third party or parties to the Government created by a loan or loans theretofore made by the Government to such third party or parties pursuant to the Act or the Relief Act. The Corporation, when authorized by resolution or resolutions of its board of directors, may also from time to time execute and deliver one or more notes to refund any note or notes at the time outstanding and secured hereby, or in renewal of, or substitution for, any such outstanding note or notes. Additional notes and refunding, renewal and substituted notes shall contain such provisions and shall be executed and delivered upon such terms and conditions as the board of directors of the Corporation in the resolution or resolutions authorizing the execution and delivery thereof shall prescribe; provided, however, that the notes at any one time secured hereby shall not exceed five million dollars ($5,000,000) in aggregate principal amount and no note shall mature more than fifty (50) years after the date hereof. Additional notes and refunding, renewal, and substituted notes, when and as executed and delivered, shall be secured by this Indenture, equally and ratably with all other notes at the time outstanding, without preference, priority, or distinction of any of the notes over any other of the notes by reason of the priority of the time of the execution, delivery, or maturity thereof, or of the assignment or negotiation thereof. Each additional note and each refunding, renewal, and substituted note shall, prior to the delivery thereof by the Corporation, be submitted to the Trustee for such examination and identification as the Trustee may desire to make.

SECTION 2. The Corporation, when authorized by resolution or resolutions of its board of directors, may from time to time execute, acknowledge, deliver, record, and file mortgages and deeds of trust supplemental to this Indenture which thereafter shall form a part hereof, for the purpose of formally confirming this Indenture as security for any additional note or notes, or any refunding, renewal, or substituted note or notes executed and delivered by the Corporation as herein provided. Nothing herein contained shall require the execution and delivery by the Corporation of a supplemental mortgage or deed of trust in connection with the issuance hereunder or the securing hereby of additional notes or of refunding, renewal, or substituted notes, except as hereinafter provided in section 13 of article II hereof.

ARTICLE II
PARTICULAR COVENANTS OF THE CORPORATION

The Corporation covenants with the Trustee for the benefit of all those who shall from time to time hold notes (hereinafter sometimes collectively called the "note holders"), and each of them, as follows:

SECTION 1.The Corporation is duly authorized under its articles of incorporation and bylaws and the laws of the State of its incorporation and all other applicable provisions of law to execute and deliver the Out-standing Notes, the First Note and this Indenture, and to execute and deliver additional notes, and notes to refund, or in renewal of, or substitution for, outstanding notes; and all corporate action on its part for the execution and delivery of the Outstanding Notes, the First Note and of this Indenture has been duly and effectively taken; and the Outstanding Notes, the First Note and this Indenture are the valid and enforceable obligations of the Corporation in accordance with their respective terms.

SECTION 2. The Corporation warrants that it has good right and lawful authority to mortgage the property described in the granting clauses of this Indenture for the purposes herein expressed; and that the said property is free and clear of any deed of trust, mortgage, lien, charge, or encumbrance thereon or affecting the title thereto, except the

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lien of the Underlying Mortgage, this Indenture and taxes or assessments not yet due. The Corporation will, so long as any of the notes shall be outstanding, maintain and preserve the lien of this Indenture superior to all other liens affecting the Trust Estate except the lien of the Underlying Mortgage and will forever warrant and defend the title to the property described as being conveyed and assigned hereby to the Trustee, for the benefit of the note-holders, against any and all claims and demands whatsoever. The Corporation will promptly pay or discharge any and all obligations for or on account of which any such lien or charge might exist or could be created and any and all lawful taxes, rates, levies, assessments, liens, claims,or other charges imposed upon or accruing upon the Trust Estate, or any part thereof (whether taxed to the Corporation or to the Trustee or to any noteholder), or the franchises, earnings, or business of the Corporation, as and when the same shall become due and payable; and whenever called upon so to do the Corporation will furnish to the Trustee or to any note-holder adequate proof of such payments or discharge.

SECTION 3. Except to secure loans made by the Government to the Corporation, or to a third party or parties, the obligations of which are assumed by the Corporation as provided in section 1 of Article I of this Indenture, the Corporation will not, without the consent of the holder or holders of not less than a majority in principal amount of the notes at the time outstanding, charge, assign, pledge, mortgage or otherwise encumber any of its property, real or personal, tangible or intangible, wherever situate, which at the time is, or at any time may become, subject to the lien of this Indenture.

SECTION 4. The Corporation will duly and punctually pay the principal of and interest on the notes at the dates and places and in the manner provided therein, according to the true intent and meaning thereof, and also all other sums becomeing due hereunder.

SECTION 5. The Corporation will at all times, so long as any of the notes shall be outstanding, 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 it granted or upon it conferred, and will comply with all valid laws, ordinances, regulations, and requirements applicable to it or its property. The Corporation will not, without the approval in writing of the holder or holders of not less than a majority in principal amount of the notes at the time out-standing, take or suffer to be taken any steps for reorganization or to consolidate with or merge into any other corporation, or to sell, lease, or transfer (or make any agreement therefor) the Trust Estate, or any part thereof.

SECTION 6. The Corporation will at all times maintain and preserve the Trust Estate and each and every part and parcel thereof in good repair, working order and condition, and will from time to time make all needful 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 keep its plants and properties in continuous operation and use all reasonable diligence to furnish the consumers served by it through the Trust Estate, or any part thereof, with an adequate supply of electric energy and other services furnished by the Corporation.

SECTION 7. Except as specifically authorized in writing in advance by the holder or holders of not less than a majority in principal amount of the notes at the time outstanding, the Corporation will purchase all materials, equipment, and replacements to be incorporated in or used in connection with the Trust Estate 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 8. The Corporation will take out, as the respective risks are incurred, and maintain insurance of such classes and in such amounts, and from time to time make such

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changes
in respect thereof, as the holder or holders of not less than a majority in principal amount of the notes at the time outstanding shall have determined to be advisable to safeguard the interest of the noteholders. The Corporation will, upon request of the holder or holders of notes in the principal amount above specified, submit to the noteholder designated in such request a schedule of its insurance in effect on the date specified in such request and also originals or duplicate originals of such insurance policies as may be requested. If the Corporation shall at any time fail or refuse to take out or maintain insurance or to make changes in respect thereof upon appropriate request by such noteholder or note holders, such noteholder or noteholders may take out such insurance on behalf and in the name of the Corporation, and the Corporation will pay the cost thereof.

SECTION 9. In the event of the failure of the Corporation in any respect to comply with the covenants and conditions herein contained with respect to the procuring of insurance, the payment of taxes, assessments, and other charges, the keeping of the Trust Estate in repair and free of liens and other claims or to comply with any other covenant contained in this Indenture, the Trustee or any noteholder or noteholders shall have the right (without prejudice to any other rights arising by reason of such default) to advance or expend moneys for the purpose of procuring such insurance, or for the payment of insurance premiums, taxes, assessments, or other charges, or to save the Trust Estate from sale or forfeiture for any unpaid tax or assessments, or otherwise, or to redeem the same from any tax or other sale, or to purchase any tax title thereon, or to remove or purchase any Mechanics' liens or other encumbrance thereon, or to make repairs thereon, or to comply with any other covenant herein contained, or to prosecute or defend any suit in relation to the Trust Estate, or in any manner to protect the Trust Estate and the title thereto, and all sums so advanced for any of the aforesaid purposes with interest thereon at the rate of five per centum (5%) per annum shall be deemed a charge upon the Trust Estate in the same manner as the notes at the time outstanding are secured and shall be forthwith paid to the Trustee or noteholder or noteholders making such advance or advances upon demand. It shall not be obligatory for the Trustee or any noteholder in making any such advances or expenditures to inquire into the validity of any such tax title, or of any such taxes or assessments or sales therefor, or of any such mechanics' liens or other encumbrance.

SECTION 10. The Corporation will not, without the approval in writing of the holder or holders of not less than a majority in principal amount of the notes at the time outstanding: (a) construct, make, lease, purchase, or otherwise acquire any extensions or additions to its system, or enter into any contract therefor, except such extensions or additions as may be financed with loans evidenced by additional notes; (b) construct any consumer services at its expense in excess of one pole and one span of wire in addition to a service drop not more than one hundred fifty (150) feet in length; (c) enter into any contract or contracts for the operation or maintenance of all or any part of its property, for the purchase of electric energy or for the use by others of any of its property; (d) incur any expenses for legal, engineering, supervisory, accounting, or other similar services, except such reasonable expenses as are incurred in the routine course of business; or (e) deposit any of its funds, regardless of the source thereof, in any bank or other depository which is not a member of the Federal Deposit Insurance Corporation, or the successor thereof, or of a Federal Reserve Bank.

SECTION 11. The Corporation will not pay its directors, as such, any salaries for their services, except such as shall have been approved by the holder or holders of not less than a majority in principal amount of the notes at the time outstanding, provided that nothing therein contained shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Salaries and wages paid officers and

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employees shall be reasonable and in conformity with the usual practice of corporations of the size and nature of the Corporation.

SECTION 12. The Corporation will at all times keep proper books, records, and accounts in which full and true entries will be made of all the dealings, business, and affairs of the Corporation, in accordance with good accounting practice. The Corporation will furnish each noteholder: (a) not later than the tenth day of each month, a statement of operations for the preceding month, including, without limitation, an analysis of the Corporation's revenues, expenses and consumer accounts for the preceding month, and, if directed by the holder or holders of not less than a majority in principal amount of the notes at the time outstanding, such statement shall be in such form and include therein such information as may be specified in such direction; and (b) within thirty (30) days after the close of each fiscal year, full and complete reports, certified by its Treasurer, of its financial condition as of the end of such fiscal year and of its operations for such period and, if requested by the holder or holders of not less than a majority in principal amount of the notes at the time outstanding, such reports shall be audited and certified by independent public accountants satisfactory to such noteholder or noteholders. Any noteholder, through its agents, representatives, accountants, or attorneys, shall at all times during reasonable business hours have access to, and the right to inspect and make copies of, any or all books, records, and accounts, and any or all invoices, contracts, leases, pay rolls, canceled checks, statements, and other documents and papers of every kind belonging to or in the possession of the Corporation or in anywise pertaining to its property or business.

SECTION 13. The Corporation will from time to time upon written demand of the holder or holders of not less than a majority in principal amount of the notes at the time outstanding: (a) make, execute, acknowledge, and deliver or cause to be made, executed, acknowledged, and delivered all such further and supplemental deeds of trust, mortgages, instruments, and conveyances as may reasonably be requested by such noteholder or noteholders; and (b) take or cause to be taken all such further action as may reasonably be requested by such noteholder or noteholders to effectuate the intention of these presents and to provide for the securing and payment of the principal of and interest on the notes and for the purpose of fully conveying, transferring, and confirming unto the Trustee the property hereby conveyed and transferred, or intended so to be, whether now owned by the Corporation or hereafter acquired by it. The Corporation will cause this Indenture and any and all supplemental mortgages and deeds of trust, and every additional instrument, which shall be executed pursuant to the foregoing provisions forthwith upon execution to be recorded and filed and rerecorded and refiled as conveyances and mortgages and deeds of trust of real and personal property in such manner and in such places as may be required by law in order fully to preserve the security for the notes and to perfect and maintain the superior lien of the Underlying Mortgage and of this Indenture and of all supplemental mortgages and deeds of trust, and the rights and remedies of the Trustee and the noteholders.

SECTION 14. Any noteholder may, at any time or times in succession without notice to or the consent of the Corporation and upon such terms as such noteholder may prescribe, grant to any person, firm, or corporation who shall have become obligated to pay all or any part of the principal of or interest on any note held by or indebtedness owed to such noteholder or who may be affected by the lien hereby created, an extension of the time for the payment of such principal or interest, and after any such extension the Corporation 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 15. The Corporation, subject to applicable laws and rules and orders of regulatory bodies, will charge for electric energy and other services furnished by it rates which

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shall be sufficient to pay and discharge all taxes, maintenance expense, cost of electric energy, and other operating expenses of its electric transmission and distribution system and electric generating facilities, if any, and also to make all payments in respect of principal of and interest on the notes when and as the same shall become due, and to provide and maintain a reasonable reserve for working capital of the Corporation.

SECTION 16. The Corporation will not declare or pay any dividends or make any distributions to its members or stockholders or to consumers except in the event and to the extent that there shall be surplus earnings of the Corporation remaining after payment of or provision for the items enumerated in section 15 of this article II, and unless there shall remain after such payment or distribution reserves in an aggregate amount at least equal to the total of the interest and principal payments required to be made during the next following calendar year in respect of all notes which shall at the time be outstanding.

SECTION 17. In the event that the Trust Estate, or any part thereof, shall be taken under the power of eminent domain, all proceeds and avails therefrom, except to the extent that all noteholders shall consent to other uses and application thereof by the Corporation, shall forthwith be applied by the Corporation: first, to the rateble payment of any indebtedness by this Indenture secured 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; and fourth, the balance shall be paid to whosoever shall be entitled thereto.

SECTION 18. The Corporation will not at any time employ, or enter into any contract for the employment of, any manager or superintendent of any electric transmission and distribution system or electric generating plant embraced in the Trust Estate, or any chief operator, engineer or other employee in active charge of any electric generating plant or electric transmission line embraced in the Trust Estate unless such employment or such contract shall first have been approved by the holder or holders of not less than a majority in principal amount of the notes at the time outstanding. If, during the period prior to the date when the Corporation shall be obligated to make the first payment on account of the principal of the first of the Outstanding Notes, or any note issued to refund or in substitution for such note, and thereafter during such periods as the Corporation shall be in default in the making of a payment or payments of principal of or interest on one or more of the notes, the holder or holders of not less than a majority in principal amount of the notes at the time outstanding shall at any time give notice to the Corporation that in their opinion any such transmission and distribution system, transmission line or generating plant is not being efficiently operated and shall request the termination of the employment of any such manager or superintendent, or of any such chief operator, engineer, or employee, or shall request the termination of any operating contract in respect of any such transmission and distribution system, transmission line or generating plant, the Corporation will terminate such employment or operating contract within thirty (30) days after the date of such notice. All contracts in respect of the employment of any such manager or superintendent, or of any such chief operator, engineer or employee, or for the operation of any such transmission and distribution system, transmission line or generating plant, shall contain provisions to permit compliance with the foregoing covenants.

SECTION 19. The Corporation will well and truly observe and perform all of the covenants, agreements, terms, and conditions contained in the Loan Contract, as from time to time amended, on its part to be observed or performed.

SECTION 20. Notwithstanding anything contained in the Loan Contract, as from time to time amended, or in the notes, the Corporation will set up such records and accounts and maintain such reserve funds as the holder or holders of not less than a majority in principal

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amount of the notes at the time outstanding may from time to time require in writing and, if such holder or holders shall so require, the Corporation shall apply revenues arising from the operation of the Trust Estate to the payment of or on account of the principal of or interest on any one or more of the notes designated by such holder or holders, either prior to the time or in excess of the amount provided for in any one or more of the notes in respect of which the payment is to be made; provided, however, that the Corporation shall not be obligated hereby to make payments on account of the principal of or interest on any of the notes during any one calendar year in excess of five per centum (5%) of the amount of the principal of such note or notes advanced and unpaid at the time such payment is required; and provided, further, that subject to the provisions of section 4 of article II hereof, the Corporation may at all times retain funds reasonably adequate for operating purposes for the current month, and in no event less than 1.5 times the amount of its cash expenditures for such purposes during the corresponding month of the preceding year.

ARTICLE III
REMEDIES OF THE TRUSTEE AND NOTEHOLDERS

SECTION 1.If one or more of the following events (hereinafter called "events of default") shall happen, that is to say:

(a) default shall be made in the payment of any installment of or on account of interest on or principal of any note or notes when and as the same shall be required to be made, and such default shall continue for thirty (30) days;

(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 Corporation, in any of the notes or in the Underlying Mortgage or in this Indenture contained, and such default shall continue for a period of thirty (30) days after the written notice specifying such default and requiring the same to be remedied shall have been given to the Corporation by the Trustee or by any noteholder;

(c) the Corporation 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 thirty (30) days after the institution thereof;

(d) a receiver or liquidator of the Corporation or of any substantial portion of its property shall be appointed and the order appointing such receiver or liquidator shall not be vacated within thirty (30) days after the entry thereof;

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

(f) a final judgment shall be entered against the Corporation and shall remain unsatisfied or without a stay in respect thereof for a period of thirty (30) days,

then in each and every such case any noteholder may, by notice in writing to the Corporation and delivery of a copy thereof to the Trustee and the other noteholders, declare all unpaid principal of and accrued interest on any or all notes held by such noteholder to be due and payable immediately; and upon any such declaration all such unpaid principal and accrued interest so declared to be due and payable shall become and be due and payable immediately, anything contained herein or in the Underlying Mortgage or in any note or notes to the contrary notwithstanding; provided, however, that if at any time after the unpaid principal of 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 shall be paid to the respective

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noteholders, and all other defaults hereunder and under the notes shall have been made good or secured to the satisfaction of all of the noteholders, then and in every such case, the noteholder or noteholders who shall have declared the principal of and interest on notes held by such noteholder or noteholders to be due and payable may, by written notice to the Corporation and delivery of a copy thereof to the Trustee and the other noteholders, annul such declaration or declarations and waive such default or defaults and the consequences thereof, but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

SECTION 2. If one or more of the events of default shall happen, the Trustee, personally or by attorney, in its discretion may, in so far as not prohibited by law:

(a) take immediate possession of the Trust Estate, collect and receive all credits, outstanding accounts and bills receivable of the Corporation, and all rents, income, revenues, and profits pertaining to or arising from the Trust Estate, or any part thereof, and issue binding receipts therefor; and manage, control, and operate the Trust Estate as fully as the Corporation might do if in possession thereof, including, without limitation, the making of all repairs or replacements deemed necessary or advisable;

(b) proceed to protect and enforce its rights and the rights of noteholders under this Indenture 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 Trust Estate, 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 most effectual 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 Trustee shall have the right to have appointed a receiver of the Trust Estate and of all rents, income, revenues, and profits pertaining thereto or arising therefrom derived, received, or had, 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 the Trustee shall make application for the appointment of a receiver the Corporation 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 Trust Estate, or any part thereof, and all right, title, interest, claim and demand of the Corporation therein or thereto, at public auction at such place in any county 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 Corporation 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 news-paper of general circulation published in said county or, if no such newspaper is published in such county, in a newspaper of general circulation in such county, 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 subsection (c) of this section 2 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 shall be conducted, as the case may be,

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in accordance with the applicable provisions of law.

Nothing herein contained shall, however, affect or impair the right, which is absolute and unconditional, of any holder of any note secured hereby to enforce the payment of the interest on or principal of such note on the date or dates any such interest or principal shall become due and payable in accordance with the terms of such note.

SECTION 3. At any sale hereunder the Trustee or any noteholder or noteholders shall have the right to bid for and purchase the Trust Estate, or such part thereof as shall be offered for sale, and any noteholder or noteholders may apply in settlement of the purchase price of the property so purchased the portion of the net proceeds of such sale which would be applicable to the payment on account of the principal of and interest on the note or notes held by such noteholder or noteholders and such amount so applied shall be credited as a payment on account of principal of and interest on the note or notes held by such noteholder or noteholders.

SECTION 4. 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 of the Trustee, its agents, employees, and counsel in connection with the exercise of such rights or the enforcement of such remedies, shall be applied by the Trustee: first, to the 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 whosoever shall be entitled thereto.

SECTION 5. Every right or remedy herein conferred upon or reserved to the Trustee or to the noteholders shall be cumulative and shall be in addition to every other right or 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 6. The Corporation 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 Trust Estate may be situated, in order to prevent, delay, or hinder the enforcement or foreclosure of this Indenture, or the absolute sale of the Trust Estate, 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 Corporation, 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.

ARTICLE IV
CONCERNING THE TRUSTEE

SECTION 1. The Trustee accepts the trusts of this Indenture and agrees to execute them subject to the following terms and conditions:

(a) neither the Trustee, its agents or attorneys, nor any holder of any note or notes hereby secured, shall incur any personal liability on account of anything done or omitted under the provisions of this Indenture, except in case of gross negligence or misconduct;

(b) the Trustee shall not be responsible for the execution or validity of this Indenture or of the notes, nor for, or in respect of, the title of the Corporation to, or the sufficiency of, the security provided herein, nor for the genuineness or validity of any conveyances, transfers, or assignments of any property intended to be subject to the lien hereof;

(c) whenever it is herein provided that the Trustee may enforce any remedy, or give any notice to or make any demand upon the Corporation for any reason or purpose whatsoever, the

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Trustee in no event shall be required to enforce such remedy, give such notice, or make such demand unless the holder or holders of not less than a majority in principal amount of the notes at the time outstanding shall have first requested the Trustee in writing to enforce such remedy, give such notice, or make such demand, but the Trustee agrees that, in the event any such request shall be made to the Trustee that it enforce any such remedy, or give any such notice to, or make any such demand upon the Corporation, it will forthwith proceed to enforce the remedy, give the notice, or make the demand, as the case may be; and

(d) the Trustee shall release from the lien of this Indenture, as from time to time amended or supplemented, such part or parts of the Trust Estate as the holder or holders of all the notes at the time outstanding shall from time to time request in writing.

SECTION 2. Any trustee at the time acting hereunder may resign and be discharged from the trusts created by this Indenture by giving to the Corporation and to the holders of notes then outstanding notice in writing of such resignation by registered mail addressed to the respective holders of notes at their last known addresses at least sixty (60) days prior to the date when such resignation shall take effect, and by filing a duly executed and acknowledged counterpart original of such resignation for record in the several offices in which this Indenture shall be recorded. Any such resignation shall take effect on the day specified in such notice given in accordance with the foregoing unless prior to such date a successor trustee shall be appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the filing by such successor trustee of an instrument accepting such appointment as provided in section 3 of this article IV. Any trustee acting under this Indenture may be removed at any time by an instrument in writing executed by or on behalf of the holder or holders of not less than a majority in principal amount of the notes at the time outstanding and filed with the Trustee and for record in the several offices in which this Indenture shall be recorded, and such removal shall be effective on the date designated in such instrument for the termination of the duties of such Trustee.

SECTION 3. In case at any time the Trustee hereunder shall resign or shall be removed or shall become incapable of acting or in case a vacancy shall arise from any cause in the trusteeship hereunder, a successor trustee (which need not be a corporate trustee) may be appointed by the holder or holders of not less than a majority in principal amount of the notes at the time outstanding by filing for record in the several offices in which this Indenture shall be recorded an instrument of appointment of such successor trustee executed by or on behalf of the holder or holders of notes in the principal amount hereinabove specified. Any successor trustee appointed hereunder shall execute and deliver to the Corporation and shall cause to be filed for record in the several offices where this Indenture shall be recorded, an instrument accepting such appointment hereunder and thereupon such successor trustee, without any further act, deed, or conveyance, shall become vested with all the estates, properties, rights, powers, trusts, and duties of the predecessor in trust hereunder, with like effect as if originally named as trustee in this Indenture; but, nevertheless, on the written request of the Corporation or of the successor trustee, the Trustee ceasing to act shall execute and deliver an instrument transferring to such successor trustee, upon the trusts herein expressed, all the estates, properties, rights, powers, trusts, and duties of the Trustee so ceasing to act; and upon request of any such successor trustee or the Corporation, the Trustee ceasing to act shall make, execute, acknowledge, and deliver any and all deeds, conveyances, or other instruments in writing more fully and certainly to vest in and confirm to such successor trustee all such estates, properties, rights, powers, trusts and duties. All conveyances and other instruments hereinbefore provided for, when and if executed and delivered, shall be at the cost of the Corporation and its successors.

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SECTION 4. The compensation of the Trustee and of its agents and counsel for services rendered in connection with the execution, recordation, and filing of this Indenture and any supplements hereto shall be seventy-five dollars ($75) or one-fortieth (1/40) of one per centum (1%) of the principal amount of the First Note, whichever shall be the greater, and one-fortieth (1/40) of one per centum (1%) of the principal amount of each additional note or refunding, substituted, or renewal note from time to time executed and delivered; provided, however, that the compensation based on any refunding, substituted or renewal note or notes executed and delivered at any one time shall not exceed twenty-five dollars ($25), regardless of the principal amount or the number of such notes executed and delivered at such time. The Trustee, its agents, or counsel shall not otherwise be entitled to compensation hereunder, except for active services rendered in connection with the exercise of rights or the enforcement of remedies hereunder, and in such instances the Trustee and its agents and counsel shall be entitled to reasonable compensation and expenses; provided, however, that the compensation of the Trustee and its agents for services rendered prusuant to subsections (b) and (c) of section 2 of article III of this Indenture shall in no event exceed one-quarter (1/4) of one per centum (1%) of the first one hundred thousand dollars ($100,000) of the aggregate unpaid principal amount of the notes outstanding at the time of the rendition of such services and one-eighth (1/8) of one per centum (1%) of the balance of such unpaid principal amount of such notes.

SECTION 5. No counsel shall be employed by the Trustee in connection with the exercise of any rights or the enforcement of any remedies hereunder except with the approval in writing of the holder or holders of not less than a majority in principal amount of the notes at the time outstanding.

ARTICLE V
POSSESSION UNTIL DEFAULT-DEFEASANCE CLAUSE

SECTION 1. Until some one or more of the events of default shall have happened, the Corporation shall be suffered and permitted to retain actual possession of the Trust Estate, and to manage, operate, and use the same and every part thereof, with the rights and franchises appertaining thereto, and to collect, receive, take, use, and enjoy the rents, revenues, issues, earnings, income, products, and profits thereof or therefrom, subject to the provisions of this Indenture.

SECTION 2. If the Corporation shall well and truly pay or cause to be paid the whole amount of the principal of and interest on the notes at the times and in the manner therein provided, according to the true intent and meaning thereof and shall also pay or cause to be paid all other sums payable hereunder by the Corporation and shall well and truly keep and perform, according to the true intent and meaning of the Underlying Mortgage and of this Indenture, all covenants in the Underlying Mortgage and herein required to be kept and performed by it, then and in that case, all property, rights, and interests hereby conveyed or assigned or pledged shall revert to the Corporation and the estate, right, title, and interest of the Trustee shall thereupon cease, determine, and become void and the Trustee, in such case, on written demand of the Corporation but at the Corporation's cost and expense, shall enter satisfaction of this Indenture upon the record. In any event, each noteholder, upon payment in full to him by the Corporation of all principal of and interest on any note held by him and the payment and discharge by the Corporation of all charges due to such noteholder hereunder, shall execute and deliver to the Corporation such instrument of satisfaction, discharge or release as shall be required by law in the circumstances.

ARTICLE VI
MISCELLANEOUS

SECTION 1. It is hereby declared to be the intention of the Corporation that all electric transmission and distribution lines or systems embraced in the Trust Estate, including,

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without limitation, all rights of way and easements granted or given to the Corporation or obtained by it to use real property in connection with the construction, operation, or maintenance of such lines or systems and all service and connecting lines, poles, posts, cross arms, wires, cables, conduits, mains, pipes, tubes, transformers, insulators, meters, electrical connections, lamps, fuses, junction boxes, and fixtures forming part of, or used in connection with, such lines or systems, and all other property physically attached to any of the foregoing described property, shall be deemed to be real property.

SECTION 2. All of the covenants, stipulations, promises, undertakings, and agreements herein contained by or on behalf of the Corporation shall bind its successors and assigns, whether so specified or not, and all titles, rights, and remedies hereby granted to or conferred upon the Trustee shall pass to and inure to the benefit of the successors and assigns of the Trustee and shall be deemed to be granted or conferred for the ratable benefit and security of all who shall from time to time be holders of notes executed and delivered as herein provided.

SECTION 3. The descriptive headings of the various articles of this Indenture 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 4. 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 mailed by registered mail addressed to the proper party or parties at the following addresses:

As to the Corporation: Farmers Electric Cooperative, Inc. Greenfield, Iowa

As to the Trustee: Des Moines Bank & Trust Company Des Moines, Iowa

As to the Government: Rural Electrification Administration
Washington 25, D. C.

and as to any other person, firm, corporation or governmental body or agency having an interest herein by reason of being the holder of any note or otherwise, at the last address designated by such person, firm, corporation, governmental body or agency to the Corporation, the Trustee and the Government. The Corporation, the Trustee, or the Government 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 hereinabove given. For the purposes of this Indenture the Government shall be deemed to be the holder of all outstanding notes unless and until notice of the assignment or transfer thereof shall have been given in writing to the Trustee and the Corporation.

SECTION 5. The invalidity of any one or more phrases, clauses, sentences, paragraphs, or provisions shall not affect the remaining portions of this Indenture.

SECTION 6. Any reference herein to "directors" shall be deemed to refer to "directors" or "trustees" as the case may be and any reference herein to "board of directors" shall be deemed to refer to "board of directors" or "board of trustees" as the case may be.

SECTION 7. This Indenture may be simultaneously executed in any number of counterparts, and all said counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

IN WITNESS WHEREOF, Farmers Electric Cooperative, Inc. has caused this Indenture to be signed in its name by its President thereunto duly authorized, and its corporate seal to be hereunto affixed and attested by its Secretary, also thereunto duly authorized, and Des Moines Bank & Trust Company, in token of its acceptance of the trust hereby created, has caused this instrument to be signed in its name and by its Vice President thereunto duly authorized, and its corporate seal to be hereunto affixed and attested by its Cashier also thereunto duly authorized, all as of the day and year first above written.

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(CORPORATE SEAL) FARMERS ELECTRIC COOPERATIVE, INC.
Attest Austin A Scott Secretary by Albert Ray President
Executed by the Corporation in the presence of:
Mary A Lyons
Patricia Kellam Witnesses

DES MOINES BANK & TRUST COMPANY
(CORPORATE SEAL by A W Crossan Vice President
Attest: H F Gall Cashier
Executed by the Trustee in the presence of:
F L Fiene
H K Jensen Witnesses

STATE OF IOWA COUNTY OF Adair) ss

On this 3rd day of August A. D., 1948, before me a Notary Public, in and for said County, personally appeared Albert Ray and Austin A Scott, to me personally known, who, being by me duly sworn, did say that they are the President and Secretary, respectively, of Farmers Electric Cooperative, a corporation, and that the seal affixed to said instrument is the seal of said corporation, and that said instrument was signed and sealed on behalf of 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.

(Notarial Seal) T N Howe Notary Public
My commission expires on the 4th day of July,1951. in and for Adair County, Iowa

STATE OF IOWA COUNTY OF Polk) SS

On this 5 day of Aug A. D., 1948, before me, a Notary Public, in and for said County, personally appeared A W Crossan and H F Gall, to me personally known, who, being by me duly sworn, did say that they are the Vice President and Cashier, respectively, of Des Moines Bank & Trust Company, and that the seal affixed to said instrument is the seal of said corporation, and that said instrument was signed and sealed on behalf of 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.

NOTARIAL SEAL

John H Ginsberg Notary Public
in and for Polk County, Iowa
My commission expires on the 4 day of July, 1951.
Notary Public in and for Polk County,Iowa My Commission expires July 4, 1951