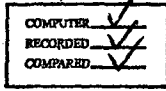


Prepared by and return to after recording:

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11/1

REC \$ 300⁰⁰
AUD \$ 1⁰⁰
R.M.F. \$ 5⁰⁰



IOWA 83-AE3 CEDAR RAPIDS

**CONSOLIDATED MORTGAGE,
SECURITY AGREEMENT
AND
FINANCING STATEMENT**
Made By And Among

FILED NO. **6073**
BOOK **2003** PAGE **6073**
2003 OCT -9 AM 11: 15

MICKI UTSLER
RECORDER
MADISON COUNTY, IOWA

CENTRAL IOWA POWER COOPERATIVE
P.O. Box 2517
Cedar Rapids, Iowa 52406,

Mortgagor and Debtor,

and

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

Mortgagee and Secured Party,

and

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

Mortgagee and Secured Party

and

COBANK, ACB
5500 South Quebec Street
Greenwood Village, Colorado 80111-1914,

Mortgagee and Secured Party.

Dated as of July 1, 2003

**THIS INSTRUMENT GRANTS A SECURITY INTEREST IN A TRANSMITTING UTILITY.
THE DEBTOR IS A TRANSMITTING UTILITY.**

**THIS INSTRUMENT CONTAINS PROVISIONS THAT COVER REAL AND PERSONAL
PROPERTY, FIXTURES, ACCOUNTS, AFTER-ACQUIRED COLLATERAL, GOODS,
EQUIPMENT, INVENTORY, PROCEEDS, AND PRODUCTS OF COLLATERAL AND
FUTURE OBLIGATIONS WHICH ARE SECURED BY THIS INSTRUMENT.
FUTURE ADVANCES AND FUTURE OBLIGATIONS ARE SECURED BY THIS
INSTRUMENT.**

**THE TYPES OF PROPERTY COVERED BY THIS INSTRUMENT ARE DESCRIBED ON
PAGES 11 THROUGH 13 AND APPENDIX B.**

**THE ADDRESSES AND THE SIGNATURES OF THE PARTIES TO THIS INSTRUMENT ARE
STATED ON PAGES 37 AND 39 THROUGH 41.**

**NOTICE: THIS MORTGAGE SECURES CREDIT IN THE AMOUNT OF UP TO
\$1,000,000,000.00 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 53941.

No. 51

THIS CONSOLIDATED MORTGAGE, SECURITY AGREEMENT, AND FINANCING STATEMENT dated as of July 1, 2003, made by and among **CENTRAL IOWA POWER COOPERATIVE** as mortgagor and debtor (hereinafter called the "Mortgagor"), a corporation existing under the laws of the State of Iowa, and **UNITED STATES OF AMERICA** (hereinafter called the "Government"), acting through the Administrator (hereinafter called the "Administrator") of the **RURAL UTILITIES SERVICE** (hereinafter call "RUS"), successor to the Rural Electrification Administration, as mortgagee and secured party; and **NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION** (hereinafter called "CFC"), a corporation existing under the laws of the District of Columbia, as Mortgagee and Secured Party, and **COBANK, ACB** (hereinafter called "CoBank"), a federally chartered instrumentality of the United States of America, as Mortgagee and Secured party (the Government, CFC and CoBank being hereinafter sometimes collectively called the "Mortgagees" or individually a "Mortgagee").

WHEREAS, pursuant to Public Law No. 103-354, the Rural Utilities Service is the successor to the Rural Electrification Administration (hereinafter sometimes called "REA") and the Administrator of the Rural Utilities Service is the successor to the Administrator of the Rural Electrification Administration (hereinafter sometimes called the "RUS Administrator") and, for the purposes of this mortgage, as amended, restated, and consolidated, the terms "REA Administrator" and "RUS Administrator" shall be deemed to mean respectively "RUS" and "Administrator"; and

WHEREAS, the Mortgagor, for value received, has duly authorized and executed, and has delivered to the Government or has assumed the payment of, the Outstanding RUS Notes (each as hereinafter defined); and

WHEREAS, the Mortgagor, for value received, has duly authorized and executed, and has delivered to CFC, the Outstanding CFC Class A Notes, the CFC Class B Notes, and the CFC Class D Notes (each as hereinafter defined); and

WHEREAS, the Outstanding RUS Notes and the Outstanding CFC Class A Notes, the CFC Class B Notes, and the CFC Class D Notes are outstanding and are secured by the RUS Mortgage (as hereinafter defined); and

WHEREAS, the Mortgagor has determined to borrow additional funds from Federal Financing Bank and has accordingly duly authorized, executed and delivered its mortgage note or notes (as hereinafter defined) to be secured by the RUS Mortgage, as amended, supplemented and consolidated hereby, of the property hereinafter described; and

WHEREAS, the repayment of the Current RUS Note (as hereinafter defined) by the Mortgagor is guaranteed by the Government, pursuant to the Rural Electrification Act of 1936 (as hereinafter defined), in accordance with that certain agreement identified in the Instruments Recital as, and hereinafter called, the "Contract of Guarantee"; and

WHEREAS, the Mortgagor has determined to reimburse the Government, acting through the Administrator of RUS for certain amounts paid by the Government, acting through the Administrator of RUS from time to time pursuant to the Contract of Guarantee and has accordingly duly authorized, executed and delivered its mortgage note or notes (as hereinafter defined) to be secured by the RUS Mortgage, as amended and supplemented hereby, of the property hereinafter described; and

WHEREAS, the Mortgagor has duly authorized, executed and delivered to RUS or is about to duly authorize, execute and deliver to RUS, the Current RUS Note (as hereinafter defined); and

WHEREAS, the Mortgagor has duly authorized, executed and delivered to CoBank or is about to duly authorize, execute and deliver to CoBank, the Current CoBank Class D Note (as hereinafter defined); and

WHEREAS, the Mortgagor, the Government, CFC and CoBank desire to amend, supplement, consolidate and restate the RUS Mortgage in order, among other things, to secure the Current Notes (each as hereinafter defined) under the RUS Mortgage equally and ratably with the Outstanding RUS Notes, the CFC Class B Notes, and the CFC Class D Notes and the Additional Notes and to add CoBank as a Mortgagee under the RUS Mortgage (each as hereinafter defined); and

WHEREAS, the Mortgagor, the Government, CFC and CoBank acknowledge and agree that it is their intent to continue the lien and lien priority of the existing RUS Mortgage and not to satisfy or discharge that lien; and

WHEREAS, the changes in the RUS Mortgage which the parties thereto and hereto have effected or desire now to effect make desirable the amending, consolidating and restating of each of the instruments constituting the RUS Mortgage in its entirety; and

WHEREAS, the Government, CFC and CoBank are authorized to enter into this Consolidated Mortgage, Security Agreement, and Financing Statement; and

WHEREAS, it was the intention of the Mortgagor at the time of the execution of the RUS Mortgage (or, if the mortgage consists of more than one instrument, at the time of the earliest instrument thereof) that the property of the Mortgagor of the classes described therein, as being mortgaged or pledged thereby, or intended so to be, whether then owned or thereafter acquired, would secure certain notes of the Mortgagor executed and delivered prior to the execution and delivery of the RUS Mortgage, and certain notes of the Mortgagor when and as executed and delivered under and pursuant to the RUS Mortgage, as from time to time amended and supplemented, and it is intended by the Mortgagor to confirm hereby the RUS Mortgage and the property therein described as being mortgaged or pledged, or intended so to be, as security for the Outstanding Notes, and other notes of the Mortgagor when and as executed and delivered under and pursuant to the RUS Mortgage, as amended and supplemented hereby; and

WHEREAS, all acts, things, and conditions prescribed by law and by the articles of incorporation and bylaws of the Mortgagor have been duly performed and complied with to authorize the execution and delivery hereof and to make the RUS Mortgage, as amended and supplemented hereby, a valid and binding mortgage to secure the Outstanding Notes and other notes of the Mortgagor when and as executed and delivered under and pursuant to the RUS Mortgage, as amended and supplemented hereby;

WHEREAS, all acts, things and conditions prescribed by law and by the articles of incorporation of the Mortgagor have been duly performed and complied with to authorize the execution and delivery hereof and to make this Consolidated Mortgage, Security Agreement, and Financing Statement a valid and binding mortgage in accordance with its terms; and to the extent that any of the property described or referred to herein is governed by the provisions of the Uniform Commercial Code (as hereinafter defined) of any state, the parties hereto desire that this Consolidated Mortgage, Security Agreement, and Financing Statement be regarded as a "security agreement" and as a "financing statement" for said security agreement under the Uniform Commercial Code;

NOW, THEREFORE, this Consolidated Mortgage, Security Agreement, and Financing Statement.

WITNESSETH:

That the parties hereto do agree as follows:

ARTICLE I

DEFINITIONS

In addition to the terms elsewhere defined in this Consolidated Mortgage, Security Agreement, and Financing Statement, the terms defined in this Article I shall have the meanings herein specified, 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.

Account Number of the Accounting requirements shall mean such Account Number included in the Accounting Requirements as in effect on the date hereof, or any other Account Number which may be hereafter prescribed with respect to the information contemplated by the Account Number herein specified; or, if no such account Number shall be applicable after such date to the accounts of the Mortgagor for such information, such reference shall apply to the corresponding information otherwise determined in an appropriate manner.

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. Generally accepted accounting principles refers to a common set of accounting standards and procedures that are either promulgated by an authoritative accounting rulemaking body or accepted as appropriate due to wide-spread application in the United States.

Act shall mean the Rural Electrification Act of 1936, as amended (7 U.S.C. 901 et seq.).

Additional CFC Class A Notes shall mean additional notes and refunding, renewal, and substitute notes which may from time to time be executed and delivered by the Mortgagor to CFC with respect to which the Government shall have given prior written approval to be secured as CFC Notes in accordance with Section 3.01 hereof.

Additional CFC Class B Notes shall mean additional notes and refunding, renewal, and substitute notes which may from time to time be executed and delivered by the Mortgagor to CFC with respect to which the Government shall have given prior written approval to be secured as CFC Notes in accordance with Section 3.01 hereof.

Additional CFC Class D Notes shall mean additional notes and refunding, renewal, and substitute notes which may from time to time be executed and delivered by the Mortgagor to CFC with respect to which the Government shall have given prior written approval to be secured as CFC Notes in accordance with Section 3.01 hereof

Additional CFC Notes shall mean additional notes and refunding, renewal, and substitute notes which may from time to time be executed and delivered by the Mortgagor to CFC with respect to which the Government shall have given prior written approval to be secured as CFC Notes in accordance with Section 3.01 hereof.

Additional CoBank Class D Notes shall mean additional notes and refunding, renewal, and substitute notes which may from time to time be executed and delivered by the Mortgagor to CoBank with respect to which the Government shall have given prior written approval to be secured as CoBank Notes in accordance with Section 3.01 hereof

Additional CoBank Notes shall mean the Additional CoBank Class D Notes.

Additional Notes shall mean Additional CFC Notes, Additional CoBank Notes and Additional RUS Notes.

Additional RUS Notes shall mean all additional notes and refunding, renewal, and substitute notes which may from time to time be executed and delivered by the Mortgagor to the Government to evidence indebtedness created by loans made or guaranteed by the Government pursuant to the Act.

Administrator shall mean the Administrator of the RUS or his or her duly authorized representative or any other person or authority in whom may be vested the duties and functions which the Administrator is now or may hereafter be authorized by law to perform.

CFC Class B Financing Agreements shall mean those certain financing agreements, agreements of sale, and/or leases more particularly described in Appendix A hereto, each heretofore executed by and between the Mortgagor and an issuer of bonds, together with any amendments and supplements thereto heretofore or hereafter executed by the parties thereto and approved by the Government and any financing agreements, agreements of sale, and/or leases and any amendment and supplements thereto as may hereafter be executed by and between the Mortgagor and an issuer of bonds which have been approved by the Government in connection with the execution and delivery of one or more Additional CFC Class B Notes in accordance with Section 3.01 hereof, pursuant to which the respective issuers agree to issue bonds and the Mortgagor agrees to pay all amounts becoming due on account of the respective bonds which obligations of the Mortgagor are supported in whole or in part by related CFC Class B Guarantee Agreements.

CFC Class B Guaranty Agreements shall mean those certain guaranty agreements more particularly described in Appendix A hereto, each executed either by CFC in favor of a holder or holders

of bonds, or by and between CFC and a trustee acting on behalf of the holders of bonds, as the case may be, together with any guaranty agreements and any amendments and supplements thereto as may hereafter be executed either by CFC in favor of a holder or holders of bonds, or by and between CFC and a trustee acting on behalf of the holders of bonds, as the case may be, which have been approved by the Government in connection with the execution and delivery of one or more Additional CFC Class B Notes in accordance with Section 3.01 hereof, pursuant to which CFC guarantees payment of certain amount becoming due with respect to the bonds.

CFC Class A Noteholders shall mean the holder or holders of any of the CFC Class A Notes.

CFC Class A Notes shall mean the Outstanding CFC Class A Notes and the Additional CFC Class A Notes.

CFC Class B Noteholders shall mean the holder or holders of any of the CFC Class B Notes.

CFC Class B Notes shall mean the Outstanding CFC Class B Notes and the Additional CFC Class B Notes.

CFC Class D Noteholders shall mean the holder or holders of any of the CFC Class D Notes.

CFC Class D Notes shall mean the Outstanding CFC Class D Notes and the Additional CFC Class D Notes.

CFC Financing Agreements shall mean the CFC Class B Financing Agreements.

CFC Guaranty Agreements shall mean the CFC Class B Guaranty Agreements and the CFC Class B Guaranty Agreements.

CFC Guaranty Note shall have the meaning specified in Section 7.05 hereof.

CFC Loan Agreements shall mean those certain agreements more particularly described in Appendix A hereto, executed by and between the Mortgagor and CFC; as they may have been or may be supplemented, amended or restated, which have been approved by the Government together with any agreements which have been approved by the Government; together with any agreements as may hereafter be executed by and between the Mortgagor and CFC which have been approved by the Government in connection with the execution and delivery of Additional CFC Notes in accordance with Section 3.01 hereof.

CFC Notes shall mean the CFC Class A Notes, the CFC Class B Notes, and the CFC Class D Notes.

CoBank Class D Noteholders shall mean the holder or holders of any of the CoBank Notes.

CoBank Loan Agreements shall mean those certain loan agreements more particularly described in Appendix A hereto, executed by and between the Mortgagor and CoBank, as they may have been or may be supplemented, amended or restated, which have been approved by the Government together with any agreements as may hereafter be executed by and between the Mortgagor and CoBank which have been approved by the Government in connection with the execution and delivery of Additional CoBank Notes in accordance with Section 3.01 hereof.

CoBank Notes shall mean the Current CoBank Class D Notes and the Additional CoBank Class D Notes.

Contemporaneous Loan shall mean a loan made pursuant to a loan agreement or agreements providing for a loan or loans secured by this Mortgage, the making of which by either the Government, CFC or CoBank is conditioned upon the making of a loan, therein described, by the other lender.

Current CoBank Class D Note shall mean the Current CoBank Class D Note, as more particularly described in Appendix A hereto.

Current CoBank Loan Agreement shall mean the agreements more particularly described in Appendix A hereto.

Current RUS Loan Agreement shall mean the agreements more particularly described in Appendix A hereto.

Current RUS Notes shall mean the notes more particularly described in Appendix A hereto, heretofore or about to be executed and delivered by the Mortgagor to the Government to evidence obligations to the Government on account of loans made or guaranteed by the Government

Debt Service Coverage Ratio (DSC) shall mean the ratio determined as follows: for each calendar year the total of (i) Net Patronage Capital or Margins of the Mortgagor, (ii) Interest on Long-Term Debt of the Mortgagor, provided, however, that in computing Interest on Long-Term Debt, there shall be added, to the extent not otherwise included, an amount equal to 33-1/3 of the rentals of Restricted Property under Long-Term Leases paid by the Mortgagor, in excess of 2% of the net of the Mortgagor's Total Margins and Equities less Regulatory Assets and (iii) Depreciation and Amortization Expense of the Mortgagor, and dividing 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, provided, however, that in computing this sum, there shall be added to interest expenses, to the extent not otherwise included, an amount equal to 33-1/3% of the rentals of Restricted Property under Long-Term Leases paid by the Mortgagor, in excess of 2% of the net of the Mortgagor's Total Margins and Equities less Regulatory Assets.

Depreciation and Amortization Expense shall mean an amount constituting the depreciation and amortization of the Mortgagor determined in accordance with the Accounting Requirements and reported on RUS Form 12a.

Distributions shall have the meaning specified in Section 4.16 hereof.

Equity shall mean the aggregate of Margins and Equities.

Events of Default shall have the meaning specified in Section 5.01 hereof.

Fiscal Date shall have the meaning specified in Section 4.12 hereof.

Interest Expense shall mean an amount constituting the interest expense of the Mortgagor determined in accordance with Accounting Requirements and reported on RUS Form 12a.

Interest on Long-Term Debt shall mean an amount constituting the interest expense of the Mortgagor determined in accordance with Accounting Requirements and reported on RUS Form 12a.

Long-Term Debt shall mean any amount included in Total Long-Term Debt.

Long-Term Leases shall mean leases having unexpired terms (taking into account terms of renewal at the option of the lessor, whether or not such leases have been renewed) of more than 12 months.

Majority Noteholders shall mean the holder or holders of not less than a majority in principal amount of the Notes at the time unpaid and outstanding.

Margins and Equities shall mean margins and equities determined in accordance with Accounting Requirements and reported on RUS Form 12a.

Maximum Debt Limit shall mean the amount more particularly described in Appendix A hereto.

Mortgaged Property shall have the meaning specified in Section 2.02 hereof.

Mortgagees shall mean the Government, CFC and CoBank.

Net Patronage Capital or Margins shall mean an amount constituting the net patronage capital or margins of the Mortgagor determined in accordance with Accounting Requirements and reported on RUS Form 12a.

Note or Notes shall mean one or more of the CFC Notes, the CoBank Notes, the RUS 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.

Outstanding CFC Class A Notes shall mean the note or notes more particularly described in Appendix A hereto, heretofore delivered by the Mortgagor to CFC to evidence obligations of the Mortgagor under certain of the CFC Loan agreements.

Outstanding CFC Class B Notes shall mean the note or notes more particularly described in Appendix A hereto, heretofore delivered by the Mortgagor to CFC to evidence obligations of the Mortgagor under certain of the CFC Loan agreements.

Outstanding CFC Class D Notes shall mean the note or notes more particularly described in Appendix A hereto, heretofore delivered by the Mortgagor to CFC to evidence obligations of the Mortgagor under certain of the CFC Loan agreements.

Outstanding CFC Notes shall mean Outstanding CFC Class A Notes, the Outstanding CFC Class B Notes and the Outstanding CFC Class D Notes.

Outstanding Notes shall mean Outstanding CFC Notes, Outstanding CoBank Notes and the Outstanding RUS Notes.

Outstanding RUS Notes shall mean the note or notes more particularly described in Appendix A hereto, delivered by the Mortgagor to the Government to evidence loans made or guaranteed by the Government pursuant to the Act and the RUS Loan Agreement.

Permitted Encumbrances shall mean any liens for taxes, assessments or governmental charges for the current year and taxes, assessments or governmental charges not due and delinquent and any such lien, whether or not delinquent, whose validity is at the time being contested in good faith by appropriate proceedings and with respect to which the Mortgagor shall have set aside on its books adequate reserves; liens for workers' compensation awards and similar obligations not then delinquent; mechanics', laborers', materialmen's and similar liens not then delinquent, and any such liens, whether or not delinquent, whose validity is at the time being contested in good faith; liens and charges incidental to construction or current operation which have not been filed or asserted or the payment of which has been adequately secured or which, in the opinion of counsel to the Mortgagor, are insignificant in amount; liens, securing obligations not assumed by the Mortgagor and on account of which it does not pay and does not expect to pay interest, existing upon real estate (or rights in or relating to real estate) over or in respect of which the Mortgagor has a right-of-way or other easement for substation, transmission, distribution or other right-of-way purposes; any right which the United States of America or any state or municipality or governmental body or agency 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 reasonable compensation therefor, or upon reasonable compensation or conditions to terminate any franchise, license or other rights before the expiration date thereof or to regulate the property and business of the Mortgagor; attachment or judgment liens covered by insurance, or upon appeal and covered by bond; deposits or pledges to secure payment of workers' compensation, unemployment insurance, old age pensions or other social security; deposits or pledges to secure performance of bids, tenders, contracts (other than contracts for the payment of borrowed money), leases, public or statutory obligations, surety or appeal bonds, and other deposits or pledges for purposes of like general nature in the ordinary course of business; easements or reservations in respect to any property for the purpose of transmission and distribution lines and rights-of-way and similar purposes, zoning ordinances, regulations, reservations, restrictions, servitudes, covenants, party wall agreements, conditions of record and other encumbrances (other than to secure the payment of money), none of which, singly or in the aggregate, in the opinion of counsel to the Mortgagor, is such as to interfere in any material respect with the proper operation of the property affected thereby; the burdens of any law or governmental organization 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 land or any river, stream or other waters or relating to environmental matters; any lien or encumbrance for the discharge of which moneys have been deposited in trust with a proper depository to apply such moneys to the discharge of such lien or encumbrances; with respect to the Mortgaged Property any exceptions, reservations and other matters which are of record on the date of acquisition thereof by the Mortgagor, provided that such

matters do not materially impair the use of such property and, with respect to any property which the Mortgagor may hereafter acquire, any terms, conditions, agreements, covenants, exceptions and reservations expressed or provided in the deeds or other instruments under which the Mortgagor shall hereafter acquire the same, none of which materially impairs or will impair the property to which the same relates or the operation thereof by the Mortgagor; any lien reserved as security for rent or compliance with other provisions of the lease in case of any leasehold estate; and purchase money mortgages and liens, charges and encumbrances upon property existing at the time of acquisition thereof by the Mortgagor.

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 the 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.

Regulatory Assets shall mean the sum of any amounts properly recordable as unrecovered plant and regulatory study costs or as other regulatory assets as determined in accordance with Accounting Requirements and reported on RUS Form 12a.

Restricted Property shall mean all properties of the Mortgagor other than automobiles, trucks, trailers, tractors, other vehicles (including, without limitation, aircraft, towboats, tugboats, barges, vessels, and ships, but excluding railcars and locomotives), office, garage and warehouse space and office equipment (including, without limitation, computers).

RUS Form 12 or Form 12a shall mean the version, of any date, which may be specified by RUS of such RUS Form 12 or Form 12a (such form is the successor to and the same as RUS Form 12 or Form 12a) or any later revision thereof which shall have been at the time prescribed for use by RUS; if some other form containing the corresponding information shall at the time be prescribed by RUS, such reference shall apply to the corresponding item in such other form; or, if no such form is applicable to the accounts of the Mortgagor, such reference shall apply to the corresponding information otherwise determined in a comparable manner.

RUS Loan Agreement shall mean the loan contract more particularly described in Appendix A hereto, executed by and between the Government and the Mortgagor, as it is amended by the Current RUS Loan Agreement and as it has previously and as it may hereafter be supplemented, amended or restated, together with any contract under which the Government has or may hereafter guarantee, pursuant to the Act, the repayment by the Mortgagor of a loan or loans made by a third party or parties to the Mortgagor.

RUS Mortgage shall mean, collectively, the mortgages and security agreements more particularly described in Appendix A hereto, made by and among the Mortgagor, the Government, acting through the Administrator, and CFC, as subsequently amended, supplemented, consolidated or restated.

RUS Notes shall mean the Outstanding RUS Notes, the Current RUS Notes and the Additional RUS Notes.

RUS Reimbursement Notes shall mean the RUS Reimbursements Notes, as more particularly described in Appendix A hereto.

Subordinated Indebtedness shall mean secured indebtedness of the Mortgagor, payment of which shall be subordinated to the prior payment of the Notes by subordination agreement in form and substance satisfactory to the Two-Thirds Noteholders.

This Mortgage shall have the meaning specified in Section 2.01 hereof.

Times Interest Earned Ratio (TIER) shall mean the ratio determined as follows: for each calendar year add the total of (i) Net Patronage Capital or Margins of the Mortgagor, and (ii) Interest on Long-Term Debt of the Mortgagor, and divide the total so obtained by Interest on Long-Term Debt of the Mortgagor; provided, however, that in computing Interest on Long-Term Debt, there shall be added, to the extent not otherwise included, an amount equal to 33-1/3% of the rentals of Restricted Property under Long-Term Leases paid by the Mortgagor, in excess of 2% of the net of the Mortgagor's Total Margins and Equities less Regulatory Assets.

Total Assets shall mean an amount constituting total assets of the Mortgagor as computed pursuant to Accounting Requirements.

Total Long-Term Debt shall mean an amount constituting the total long-term debt of the Mortgagor determined in accordance with Accounting Requirements and reported on RUS Form 12a.

Total Margins and Equities shall mean an amount constituting the total Margins and Equities of the Mortgagor determined in accordance with Accounting Requirements and reported on RUS Form 12a.

Total Utility Plant shall mean an amount constituting the total utility plant of the Mortgagor determined in accordance with Accounting Requirements and reported on RUS Form 12a.

25% Noteholders shall mean the holder or holders of not less than 25% in principal amount of the Notes at the time unpaid and outstanding, which holders shall include the Government so long as it is a holder of any Note at the at the time unpaid and outstanding.

Two-Thirds Noteholders shall mean the holder or holders of not less than 66-2/3% in principal amount of Notes at the time unpaid and outstanding, which holders shall include the Government so long as it is a holder of any Notes at the time unpaid and outstanding.

Uniform Commercial Code shall mean the Uniform Commercial Code of any applicable state.

unpaid and outstanding shall have the meaning specified in Section 7.04 hereof.

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

ARTICLE II

SECURITY

SECTION 2.01. Consolidation of RUS Mortgage. The RUS Mortgage is hereby amended, supplemented and consolidated to read in its entirety from and after the date of execution of this Consolidated Mortgage, Security Agreement, and Financing Statement (the RUS Mortgage, as amended, supplemented and consolidated hereby, being hereinafter sometimes called "this Mortgage") as set forth herein.

SECTION 2.02. Granting Clause. In order to secure the payment of the principal of, premium, if any, 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 Mortgage, the RUS Loan Agreement, the CFC Loan Agreements, the CoBank Loan Agreements, and, to declare the terms and conditions upon which the Notes are to be secured, the Mortgagor, in consideration of the premises, has executed and delivered this Mortgage, and has granted, bargained, sold, conveyed, warranted, assigned, transferred, mortgaged, pledged, set over, and granted a continuing security interest in, and by these presents does hereby grant, bargain, sell, alienate, remise, convey, warrant, assign, transfer, mortgage, pledge and set over and confirm, and grant a continuing security interest and lien in for the purposes hereinafter expressed, unto the Mortgagees, and their respective assigns, 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, 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-described property (hereinafter sometimes called the "Mortgaged Property"):

I

All right, title and interest of the Mortgagor in and to the electric generating plants and facilities and electric transmission and distribution lines and facilities now owned by the Mortgagor and located in the Counties listed in Appendix B hereto or hereafter constructed or acquired by the Mortgagor, wherever located, and in and to all extensions and improvements thereof and additions thereto, including all substations, service and connecting lines (both overhead and underground), poles, towers, posts, crossarms, wires, cables, conduits, mains, pipes, tubes, transformers, insulators, meters, electrical connections, lamps, fuses, junction boxes, fixtures, equipment, appliances, generators, dynamos, water turbines, water wheels, boilers, steam turbines, motors, switch boards, switch racks, pipe lines, pollution control equipment machinery, tools, supplies, switching and other equipment, railroads, microwave systems, caissons, tunnels and any and all other property of every nature and description, used or acquired for use by the Mortgagor in connection therewith, and including, without limitation, the property described in Appendix B hereto.

II

All right, title and interest of the Mortgagor in, to and under any and all fixtures of every kind and nature, grants, privileges, rights of way and easements now owned, held, leased, enjoyed or exercised, or which may hereafter be owned, held, leased, acquired, enjoyed or exercised, by the Mortgagor for the purposes of, or in connection with, the construction or operation by or on behalf of the Mortgagor of electric transmission or distribution lines or systems, whether underground or overhead or otherwise, or of any electric generating plant, wherever located.

III

All right, title and interest of the Mortgagor in, to and under any and all licenses, ordinances, air emission allowances, privileges and permits granted, issued or executed, or which may hereafter be granted, issued or executed, to it or to its assignors by the 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, 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 Mortgagor in, to and under any and all agreements, contracts heretofore or hereafter executed by and between the Mortgagor and any person, firm, corporation or governmental body or agency providing for the purchase, sale, exchange or transmission of electric power or energy by the Mortgagor together with any and all other accounts, contract rights and general intangibles (as such terms are defined in the applicable Uniform Commercial Code) heretofore or hereafter acquired by the Mortgagor, including, without limitation, the accounts, contract rights and general intangibles described in Appendix B hereto.

V

Also, all right, title and interest of the Mortgagor in, to, and under all other property, real or personal, tangible or intangible, of every kind, nature and description, including, without limitation, all goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts, chattel paper, electronic chattel paper, accounts, 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 properties (including certificated and uncertificated securities, security entitlements and securities accounts), software, general intangibles (including, but not limited to, payment intangibles), supporting obligations, and any other contract rights or rights to the payment of money, insurance claims or proceeds (as such terms are presently and hereinafter defined in the applicable Uniform Commercial Code provided, however, that the term "instrument" shall be such term as defined in Article 9 of the applicable Uniform Commercial Code rather than Article 3), and wheresoever situated, now owned or hereafter acquired by the Mortgagor, it being the intention hereof that all such property now owned but not specifically described herein or acquired or held by the Mortgagor 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 Mortgagor and were specifically described herein to the extent only, however, that the subjection of such property to the lien hereof shall not be contrary to law.

VI

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).

VII

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.

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

Provided, however, that except as provided in Section 4.13 hereof, the following shall not be included in Mortgaged Property: automobiles, trucks, trailers, tractors or other vehicles (including, without limitation, aircraft, towboats, tugboats, barges, vessels, or ships, if any, which are entitled and/or registered in any state of the United States of America and owned or used by the Mortgagor but excluding rail cars and locomotives) owned or used by the Mortgagor shall be included in the Mortgaged Property.

TO HAVE AND TO HOLD all and singular the Mortgaged Property unto the Mortgagees and their respective assigns forever, to secure equally and ratably the payment of the principal of and interest on the Notes, according to their tenor and effect, 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 the covenants, agreements and provisions herein and in the CFC Loan Agreements, the CoBank Loan Agreements and the RUS Loan Agreement, contained, and for the uses and purposes and upon the terms, conditions, provisos and agreements hereinafter expressed and declared.

ARTICLE III

ADDITIONAL NOTES

SECTION 3.01. Additional Notes Secured by this Mortgage. The Mortgagor, when authorized by resolution or resolutions of its board of directors, may from time to time (1) execute and deliver to the Government one or more Additional RUS Notes; (2) execute and deliver to CFC one or more Additional CFC Notes; and (3) execute and deliver to CoBank one or more Additional CoBank Notes. The Mortgagor, when authorized by resolution or resolutions of its board of directors, may also from time to time execute and deliver one or more Additional Notes to refund any Note or Notes at the time outstanding and secured hereby, or in renewal of, or in substitution for, any such outstanding Note or Notes. Additional Notes shall contain such provisions and shall be executed and delivered upon such

terms and conditions as the board of directors of the Mortgagor in the resolution or resolutions authorizing the execution and delivery thereof and the relevant lender shall prescribe; provided, however, that the Notes and other obligations at any one time secured hereby shall not exceed in the aggregate principal amount the Maximum Debt Limit, and no Note shall mature more than 50 years after the date of this Mortgage.

No Additional CFC Notes or Additional CoBank Notes shall be secured by this Mortgage without the prior written approval thereof by the Government. The determination of whether any Additional CFC Note to be secured by this Mortgage shall be so secured as a CFC Class A Note, CFC Class B Note or a CFC Class D Note shall be made by the Government at the time of such approval. The determination of whether any Additional CoBank Note to be secured by this Mortgage shall be so secured as a CoBank Class D Note shall be made by the Government at the time of such approval.

ARTICLE IV

PARTICULAR COVENANTS OF THE MORTGAGOR

The Mortgagor covenants with the Mortgagees and Noteholders and each of them as follows:

SECTION 4.01. Authority to Execute and Deliver Notes and Mortgage: All Action Taken: Enforceable Obligations. The Mortgagor is duly authorized under its articles of incorporation and by-laws and the laws of the State of its incorporation and all other applicable provisions of law to execute and deliver the Outstanding Notes, the Current RUS Notes, the Current CoBank Class D Note and this Mortgage, and, to execute and deliver Additional Notes; all corporate action on its part for the execution and delivery of the Outstanding Notes, the Current RUS Notes, the Current CoBank Class D Note and this Mortgage has been duly and effectively taken; and the Outstanding Notes, the Current RUS Notes, the Current CoBank Class D Note and this Mortgage are, or when executed and delivered will be, the valid and enforceable obligations of the Mortgagor in accordance with their respective terms.

SECTION 4.02. Authority to Mortgage Property: No Liens: Exceptions for Permitted Encumbrances; Mortgagor to Defend Title and Remove Liens. The Mortgagor warrants that it has good right and lawful authority to mortgage the property described in the Granting Clause of this Mortgage 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 lien of this Mortgage and Permitted Encumbrances. Except as to Permitted Encumbrances, the Mortgagor will, so long as any of the Notes shall be outstanding, maintain and preserve the lien of this Mortgage superior to all other liens affecting the Mortgaged Property, and will forever warrant and defend the title to the property described as being mortgaged hereby to the Mortgagees against any and all claims and demands whatsoever. Except as to Permitted Encumbrances, the Mortgagor 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 any of the Mortgagor's property (whether taxed to the Mortgagor or to any Noteholder), or the franchises, earnings or business of the Mortgagor, as and when the same shall become due and payable; and whenever called upon so to do the Mortgagor will furnish to the Mortgagees or to any Noteholder adequate proof of such payment or discharge; provided, however, that this provision shall not be deemed to require the payment or discharge of any tax, rate, levy, assessment or other governmental charge while

the Mortgagor is contesting the validity thereof by appropriate proceedings in good faith and so long as it shall have set aside on its books adequate reserves with respect thereto.

SECTION 4.03. No Encumbrances on Property: Exceptions for Parity Lien in favor of Another Lender. (a) Except to secure loans to the Mortgagor, or to a third party or parties the obligation of which is assumed by the Mortgagor, made or guaranteed by the Government or made by CFC, in each case in the manner specified in Section 3.01 hereof, the Mortgagor will not, so long as the CFC Class A Notes are unpaid and outstanding, without the consent in writing of the Government and of CFC, charge, assign, pledge, mortgage or otherwise encumber any of its property, real or personal, tangible or intangible, wheresoever located, which at the time is, or at any time may become, subject to the lien of this Mortgage, but in no event contrary to the provisions of Section 4.02 hereof, except that, in the event the Mortgagor shall have duly applied for a loan from CFC which the Government shall have in writing approved and determined to be financially feasible for the Mortgagor; provided that the Mortgagor shall, on a pro forma basis after taking into account the terms and conditions of such loan, meet each of the financial and operating standards at the time imposed by CFC for the making of a secured loan of comparable maturity to its members; provided further that, by such amendment to this Mortgage or otherwise, such other lender or lenders shall receive no greater rights or powers than those granted to CFC; then the Mortgagor may, without the consent of CFC, obtain a commitment for such loan from such other lender or lenders and agree, if the Government consents thereto, to so encumber its property by amending this Mortgage to secure equally and ratably with the Notes the evidence of such loan from such other lender or lenders under this Mortgage, in such manner as the Government shall prescribe, and in such event the Mortgagees will consent to and execute and deliver an amendment to this Mortgage, or such other instrument as may be appropriate, in order to secure such note or notes of such other lender or lenders under this Mortgage and CFC shall not have approved such application on or prior to the later of (i) 30 days after receipt by CFC of said approval and determination by the Government or (ii) 60 days after receipt by CFC; and provided, further, that, any such amendment to this Mortgage and any charge, assignment, pledge, mortgage or other encumbrance incurred pursuant to this Section 4.03 shall comply with the indenture dated as of February 9, 1994, between CFC and Manufacturers Hanover Trust Company, as trustee.

(b) Except to secure loans to the Mortgagor, or to a third party or parties the obligation of which is assumed by the Mortgagor, made or guaranteed by the Government or made by CFC, the Mortgagor will not, after the CFC Class A Notes shall have been paid and discharged, without the consent in writing of the Government, charge, assign, pledge, mortgage or otherwise encumber any of its property, real or personal, tangible or intangible, wheresoever located, which at the time is, or at any time may become, subject to the lien of this Mortgage, but in no event contrary to the provisions of Section 4.02 hereof, provided, however, that when there shall be no principal advanced and unpaid under any CFC Class A Notes, in the event the Mortgagor shall have duly applied for a loan from another lender or lenders which the Government shall have in writing approved and determined to be financially feasible for the Mortgagor, then the Mortgagor may obtain a commitment for such loan from such other lender or lenders and agree, if the Government consents thereto, to so encumber its property by amending this Mortgage to secure under this Mortgage, in such manner as the Government shall prescribe, the evidence of such loan from such other lender or lenders, and in such event the Mortgagees will consent to and execute and deliver an amendment to this Mortgage, or such other instrument as may be appropriate, in order to secure such Note or Notes of such other lender or lenders under this Mortgage; and provided, further that, by such amendment to this Mortgage or otherwise, such other lender or lenders shall receive no greater rights or powers than those granted to CFC, except that such other lender or lenders may receive greater rights and powers with the consent in writing of the Government and CFC, but in no event

greater rights or powers than those granted to CFC under this Mortgage during such times as there are amounts unpaid and outstanding under any CFC Class A Note.

SECTION 4.04. Payment of Notes; Prepayments. The Mortgagor will duly and punctually pay the principal of, interest on, and any and all other amounts payable under the Notes at the dates and places and in the manner provided therein, according to the true intent and meaning thereof, and all other sums becoming due thereunder and hereunder.

(a) The Mortgagor may at any time make prepayments, on account of all or part of the principal of the Notes, to the extent and in the manner therein and in the RUS Loan Agreement and the CFC Loan Agreements set forth; provided, however, that (i) any prepayment of any of the CFC Notes shall be accompanied by a simultaneous pro rata prepayment of each of the RUS Notes issued in connection with such CFC Note as a result of a Contemporaneous Loan, all as hereinafter set forth, and (ii) any prepayment of any of the RUS Notes shall be accompanied by a simultaneous pro rata prepayment of each of the CFC Notes issued in connection with such RUS Note as a result of a Contemporaneous Loan, all as hereinafter set forth (at the premium, if any, prescribed in the respective CFC Loan Agreement). Prepayments which are required to be apportioned between CFC Notes on the one hand and the RUS Notes on the other hand under the above proviso shall be apportioned according to the proportions which the aggregate unpaid principal amount of such CFC Notes and the aggregate unpaid principal amount of such RUS Notes, respectively, bear to the aggregate unpaid principal amount of such CFC Notes and RUS Notes, collectively, on the date of prepayment and shall be applied to such Notes and installments thereof as may be designated by the respective Noteholders at the time of any such prepayment.

(b) The Mortgagor may at any time make prepayments, on account of all or part of the principal of the Notes, to the extent and in the manner therein and in the RUS Loan Agreement and the CoBank Loan Agreements set forth; provided, however, that (i) any prepayment of any of the CoBank Notes shall be accompanied by a simultaneous pro rata prepayment of each of the RUS Notes issued in connection with such CoBank Note as a result of a Contemporaneous Loan, all as hereinafter set forth, and (ii) any prepayment of any of the RUS Notes shall be accompanied by a simultaneous pro rata prepayment of each of the CoBank Notes issued in connection with such RUS Note as a result of a Contemporaneous Loan, all as hereinafter set forth (at the premium, if any, prescribed in the respective CoBank Loan Agreement). Prepayments which are required to be apportioned between CoBank Notes on the one hand and the RUS Notes on the other hand under the above proviso shall be apportioned according to the proportions which the aggregate unpaid principal amount of such CoBank Notes and the aggregate unpaid principal amount of such RUS Notes, respectively, bear to the aggregate unpaid principal amount of such CoBank Notes and RUS Notes, collectively, on the date of prepayment and shall be applied to such Notes and installments thereof as may be designated by the respective Noteholders at the time of any such prepayment. For purposes of this Section 4.04, the term "RUS Notes" shall not be deemed to include Notes which refund, renew, refinance or are in substitution for Outstanding RUS Notes.

SECTION 4.05. Preservation of Corporate Existence and Franchises; Compliance with Laws; Limitations on Mergers and Transfers of Capital Assets. (a) The Mortgagor 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, allowances, 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.

(b) So long as the CFC Class A Notes shall remain unpaid and outstanding, the Mortgagor shall not, without the prior written approval of the Government, and CFC, consolidate with, restructure, or merge into any other corporation or other type of entity or permit any other corporation or other type of entity to merge into the Mortgagor or acquire all or substantially all of the business or assets of another corporation if such acquisition is analogous in purpose or effect to a merger or consolidation provided, however, no consent from CFC shall be necessary if the corporation surviving such transaction shall have assumed the obligations of the Mortgagor under the Notes, the RUS Loan Agreement, the CFC Loan Agreements, and the CoBank Loan Agreement and hereunder pursuant to an assumption agreement satisfactory as to compliance with this Section 4.05 to the Mortgagees and unless the Mortgagor and such other corporation, on a pro forma combined basis have (i) a TIER of not less than 1.05 and (ii) a ratio of total pro forma combined Equity to total pro forma combined assets and debits at least equal to the lesser of (a) two to five or (b) the ratio of the total Equity of the Mortgagor immediately prior to said transaction to its total assets and debits immediately prior thereto.

(c) After the CFC Class A Notes have been paid and discharged, the Mortgagor will not, without the prior written consent of the Government, consolidate with or merge into any other corporation or permit any other corporation to merge into the Mortgagor or acquire all or substantially all of the business or assets of another corporation if such acquisition is analogous in purpose or effect to a merger or consolidation; furthermore, the Mortgagor shall not so consolidate or merge or permit any such merger or so acquire all or substantially all of the business or assets of another corporation if such acquisition is analogous in purpose or effect to a merger or consolidation without the approval in writing of the Two-Thirds Noteholders, provided that the consent of the Two-Thirds Noteholders is not required when the corporation surviving such transaction shall have assumed the payment of the Notes and the performance of the Mortgagor's covenants in this Mortgage, the RUS Loan Agreement, the CFC Loan Agreements, and the CoBank Loan Agreement.

(d) The Mortgagor shall not, without the prior written approval of the Two-Thirds Noteholders, sell, assign, lease or transfer, or otherwise dispose of to any other person or entity, including any subsidiary or affiliate, or make any agreement therefor, any capital asset, unless fair market value is received and the fair market value of such asset is less than \$50,000 and the aggregate value of assets so sold, leased or transferred in any 12-month period is less than \$200,000 and the proceeds of such sale, assignment, lease or transfer, less ordinary and reasonable expenses incident to such transaction, are immediately: (i) applied as a prepayment of the Notes, pro rata according to the aggregate unpaid principal amount of the Notes, to such installments thereof as may be designated by the respective Noteholders at the time of any such prepayment, (ii) in the case of dispositions of equipment, materials or scrap, applied to the purchase of other property useful in the Mortgagor's business, not necessarily of the same kind as the property disposed of, which shall forthwith become subject to the lien of this Mortgage or (iii) set aside as a deposit in the construction fund contemplated by Account Number 131.2 of the Accounting Requirements.

SECTION 4.06. Maintenance of Mortgaged Property. (a) The Mortgagor will at all times maintain and preserve the Mortgaged Property and each and every part and parcel thereof in good repair, working order and condition and in compliance with all applicable laws, regulations and orders, 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 plant and properties in necessary continuous operating condition and 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 energy and other services furnished by the Mortgagor. 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 4.06 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 Mortgagee 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 Certificate 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 4.07. Purchase of Property Free of Liens: Limitation on Long-Term Leases.

(a) So long as any CFC Class A Note shall remain unpaid and outstanding, except as specifically authorized in writing in advance by the Government and CFC, and subject in all events to the provisions of Section 4.02, 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. So long as any CFC Class A Note shall remain unpaid and outstanding, the Mortgagor will not, without the prior written approval of the Government and CFC, become or be obligated under Long-Term Leases for the rental from others of Restricted Property if the aggregate amount of rentals thereunder accrued or which may accrue during any period of 12 calendar months shall exceed 2% of the Equity of the Mortgagor at the time any determination of such rental obligations is made hereunder.

(b) After the CFC Class A Notes have been paid and discharged, except as specifically authorized in writing in advance by the Government, 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. The Mortgagor will not, without the prior written approval of the Government, become or be obligated under Long-Term Leases for the rental from others of Restricted Property if the aggregate amount of rentals thereunder accrued or which may accrue during any period of 12 calendar months shall exceed 2% of the Equity of the Mortgagor at the time any determination of such rental obligations is made hereunder.

SECTION 4.08. 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, including standard RUS endorsements and riders used by the insurance industry to provide coverage for RUS borrowers. Each policy or other contract for such insurance shall contain an agreement by the insurer that, notwithstanding any rights of cancellation reserved to such insurer, such policy or contract shall continue in force for at least 30 days after written notice to the Mortgagees of cancellation.

(c) So long as the CFC Class A Notes remain unpaid and outstanding, 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 the Government and CFC shall otherwise consent in writing, the Mortgagor shall replace or restore such damaged, destroyed or lost portion so that the 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; provided, however, that in the event the Mortgagor, with agreement therefor by the Government and by CFC, shall not so replace or restore such damaged, destroyed or lost portion of the Mortgaged Property, the Mortgagor shall apply the proceeds of the insurance as a ratable prepayment of or on account of the unpaid principal of the Notes, to such installments thereof as may be designated by the respective Noteholders at the time of any such payment. The Mortgagor shall replace the loss 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 so that such replacement or restoration shall be so completed that the portion of the Mortgaged Property so replaced or restored shall be free and clear of all mechanics' liens and other claims.

(d) After the CFC Class A Notes have been paid and discharged, 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 the Government shall otherwise agree, the Mortgagor shall replace or restore such damaged, destroyed or lost portion so that the 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; provided, however, that in the event the Mortgagor, with agreement therefor by the Government, shall not so replace or restore such damaged, destroyed or lost portion of the Mortgaged Property, the Mortgagor shall apply the proceeds of the insurance as a ratable prepayment of or on account of the unpaid principal of the Notes, to such installments thereof as may be designated by the respective Noteholders at the time of any such payment. The Mortgagor shall replace the loss 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 so that such replacement or restoration shall be so completed

that the portion of the Mortgaged Property so replaced or restored shall be free and clear of all mechanics' liens and other claims.

(e) So long as any CFC Class A Notes shall remain unpaid and outstanding, sums recovered under any policy or fidelity bond by the Mortgagor for a loss of funds advanced under the Notes or recovered by a Mortgagee or any Noteholder for any loss under such bond shall, unless otherwise directed by the Government and CFC, 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 Noteholders at the time of any such prepayment), or to construct or acquire facilities approved by the Government and by CFC, which will become part of the Mortgaged Property.

(f) After the CFC Class A Notes shall have been paid and discharged, sums recovered under any policy or fidelity bond by the Mortgagor for a loss of funds advanced under the Notes or recovered by a Mortgagee or any Noteholder for any loss under such bond shall, unless otherwise directed by the Two-Thirds Noteholders, 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 Noteholders at the time of any such prepayment), or to construct or acquire facilities approved by the Two-Thirds Noteholders, will become part of the Mortgaged Property.

(g) 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 4.09. Mortgagee's Right to Expend Money to Protect Mortgaged Property. In the event of the failure of the Mortgagor 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 Mortgaged Property in repair and free of liens and other claims or to comply with any other covenant contained in this Mortgage*, any Mortgagee 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 Mortgaged Property from sale or forfeiture for any unpaid tax or assessment, 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 Mortgaged Property or in any manner to protect the Mortgaged Property and the title thereto, and all sums so advanced for any of the aforesaid purposes with interest thereon at the highest legal rate, but not in excess of 10% per annum, shall be deemed a charge upon the Mortgaged Property in the same manner as the Notes at the time outstanding are secured and shall be forthwith paid to the Mortgagee making such advance or advances upon demand. It shall not be obligatory for any Mortgagee in making any such advances or expenditures to inquire into the validity of any such tax title, or of any of such taxes or assessments or sales therefor, or of any such mechanics' liens or other encumbrance. A Mortgagee acting hereunder shall not be liable to the Mortgagor, the other Mortgagees or any Noteholder except for losses resulting from gross negligence or wilful misfeasance.

SECTION 4.10. Limitations on: System Extensions and Additions; Operation and Maintenance Contracts; Power Purchases Contracts; Power Sales Contracts; Expenditures for Services; Deposits of Funds (a) So long as the CFC Class A Notes remain unpaid and outstanding, the Mortgagor will not, without the approval in writing of the Government and CFC: (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) enter into any contract or contracts for the operation or maintenance of all or any part of its property, for the purchase of electric power or energy, for the sale for resale, or for the sale to the ultimate consumer, of electric power and energy in excess of 1,000 kilowatts, for any transmission, interconnection or pooling arrangements, or for the use by others of any of its property; (c) incur any expenses for legal, engineering, supervisory, accounting or similar services, except such reasonable expenses as are incurred in the routine course of business; or (d) 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.

(b) After the CFC Class A Notes have been paid and discharged, the Mortgagor will not, without the approval in writing of the Government: (a) construct, make, lease, purchase or otherwise acquire any extensions or additions to its system or enter into any contract therefor, except such extensions as may be financed with loans evidenced by additional Notes; (b) enter into any contract or contracts for the operation or maintenance of all or any part of its property, for the purchase of electric power or energy, for the sale for resale, or for the sale to the ultimate consumer, of electric power and energy, in excess of 1,000 kilowatts, for any transmission, interconnection or pooling arrangements, or for the use by others of any of its property; (c) incur any expenses for legal, engineering, supervisory, accounting or similar services, except such reasonable expenses as are incurred in the routine course of business; or (d) 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 4.11. Salaries of Directors, Officers and Employees. The Mortgagor will not pay its directors, as such, any salaries for their services, except such as shall have been approved by the Government; provided that nothing herein contained shall preclude any director from serving the Mortgagor in any other capacity and receiving compensation therefor. Salaries and wages paid officers and employees shall be reasonable and in conformity with the usual practice of corporations of the size and nature of the Mortgagor.

SECTION 4.12. Financial Books; Financial Reports; Mortgagee Right of Inspection. (a) The Mortgagor will at all times keep, and safely preserve, proper books, records and accounts in which full and true entries will be made of all of the dealings, business and affairs of the Mortgagor and its subsidiaries, if any, in accordance with the methods and principles of accounting prescribed by the Accounting Requirements.

(b) The Mortgagor will prepare and furnish each of the Mortgagees not later than the 20th day of each month, or at less frequent intervals when specified by any such Mortgagee, financial and statistical reports on its condition and operations. Such reports shall be in such form and include such information as may be specified by such Mortgagee, including, without limitation, an analysis of the Mortgagor's revenues, expenses and consumer accounts. The Mortgagor will cause to be prepared and furnished to each of the Mortgagees at least once during each 12-month period during the term hereof, a full and complete report of its financial condition as of a date (hereinafter called the "Fiscal Date") not

more than 90 days prior to the date such report is furnished to the Mortgagees hereunder, and of its operations for the 12-month period ended on the Fiscal Date, in form and substance satisfactory to the Government and to CFC, so long as the CFC Class A Notes are unpaid and outstanding, audited and certified by independent certified public accountants satisfactory to the Government, and accompanied by a report of such audit in form and substance satisfactory to the Government.

(c) Each Mortgagee, through its representatives, shall at all times during reasonable business hours have access to, and the right to inspect and to make copies or extracts therefrom of, any or all books, records, accounts, including electronic books, records and accounts and electronic mail messages, regardless of the physical form or characteristics, all invoices, contracts, leases, payrolls, canceled checks, statements and other documents and papers of every kind belonging to, or in the possession of the Mortgagor or in anywise pertaining to its property or business, including its subsidiaries, if any.

SECTION 4.13. After-Acquired Property; Further Assurances to Confirm Security of Mortgage: When Vehicles Are to be Made Subject to Mortgage Lien. (a) All property of every kind, other than any property specifically excepted, acquired by the Mortgagor after the date hereof, shall, immediately upon acquisition thereof by the Mortgagor, and without any further mortgage, conveyance or assignment become subject to the lien of this Mortgage. Nevertheless, the Mortgagor will from time to time upon written demand of any Mortgagee make, execute, acknowledge and deliver or cause to be made, executed, acknowledged and delivered all such further acts, conveyances, mortgages, instruments of further assurance, supplemental indentures of mortgage, deeds of trust, mortgages, financing statements, continuation statements, security agreements, instruments or conveyances as may reasonably be requested by any Mortgagee, and take or cause to be taken all such further action as may reasonably be requested by any Mortgagee to effectuate the intention of these presents and to provide for the securing and payment of the principal of, interest on, and any and all other amounts payable under the Notes equally and ratably according to the terms thereof and for the purpose of fully conveying, transferring and confirming unto the Mortgagees the property hereby conveyed, mortgaged and pledged, or intended so to be, whether now owned by the Mortgagor or hereafter acquired by it and to reflect the assignment of the rights or interests of any of the Mortgagees or of any Noteholder hereunder or under any Note. The Mortgagor will cause this Mortgage and any and all supplemental indentures of mortgage, mortgages and deeds of trust and every security agreement, financing statement covering security interests, continuation statement and every additional instruments of further assurance which shall be executed pursuant to the foregoing provisions forthwith upon execution to be promptly recorded, registered and filed and rerecorded and refiled as conveyances and mortgages and deeds of trust of and security interests in real and personal property in such manner and in such places as may be required by law or reasonably requested by any Mortgagee in order fully to preserve the security for the Notes and to perfect and maintain the first priority security interests and lien of this Mortgage and all supplemental indentures of mortgage, mortgages and deeds of trust, and financing statements and to preserve and protect the rights and remedies of the Mortgagees and the Noteholders hereunder to all property comprising the Mortgaged Property.

(b) In the event that the Mortgagor suffers in the future a deficit in net income, as determined in accordance with Accounting Requirements, for any fiscal year while any of the Notes are outstanding, the Mortgagor will at any time or times upon written demand of any Mortgagee make, execute, acknowledge and deliver or cause to be made, executed, acknowledged and delivered all such further and supplemental indentures of mortgage, mortgages, security agreements, financing statements, instruments and conveyances, and take or cause to be taken all such further action, as may reasonably be

requested by any Mortgagee in order to include in this Mortgage, as Mortgaged Property, and to subject to all the terms and conditions of this Mortgage, all right, title and interest of the Mortgagor in and to, all and singular, the automobiles, trucks, trailers, tractors, aircraft, towboats, tugboats, barges, vessels, and ships then owned by the Mortgagor, or which may thereafter be owned or acquired by the Mortgagor. From and after the time of such written demand of the Government, CFC or CoBank, such property, shall be deemed to be part of the Mortgaged Property for all purposes hereof.

SECTION 4.14. Time Extensions for Payment of Notes. Any Noteholder may, at any time or times in succession without notice to or the consent of the Mortgagor or any other Noteholder 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 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 4.15 TIER and DSC Requirements Pertaining to Rates.

(a)(1) The Mortgagor shall design, implement and collect rates for electric capacity, energy and other services furnished by it to provide sufficient revenue (along with other revenue available to the Mortgagor) (i) to pay all fixed and variable expenses when and as due, (ii) to provide and maintain reasonable working capital, (iii) to maintain, on an annual basis a TIER of 1.05 and a DSC of 1.0, and (iv) to pay the Notes.

(2) The Mortgagor shall give thirty (30) days prior written notice of any proposed change in its general rate structure to each of the Mortgagees.

(b)(1) The average TIER and DSC achieved by the Mortgagor in the two (2) best years out of the three (3) most recent calendar years must not be less than 1.05 for TIER and 1.0 for DSC.

(2) Promptly following the end of each calendar year, the Mortgagor shall report in writing to the Mortgagees the TIER and DSC levels which were achieved during that calendar year.

(3) If the Mortgagor fails to achieve the average levels required by paragraph (b)(1) of this section, it must promptly notify the Mortgagees in writing to that effect.

(4) Within thirty (30) days of sending a notice to the Government under paragraph (b)(3) of this section, or of being notified by the Government, whichever is earlier, the Mortgagor in consultation with the Government shall provide a written plan satisfactory to the Government setting forth the actions that shall be taken to achieve the required TIER and DSC on a timely basis.

SECTION 4.16. Limitations on Dividends, Patronage Refunds and Other Cash Distributions. (a) So long as the CFC Class A Notes remain unpaid and outstanding, the Mortgagor will not, in any one year, without the approval in writing of the Government and CFC, declare or pay any dividends, or pay or determine to pay any patronage refunds, or retire any patronage capital or make any

other cash distributions (such dividends, refunds, retirements and other distributions being hereinafter collectively called "Distributions") to its members, stockholders or consumers if, after giving effect to any such Distribution, the total Equity of the Mortgagor will not equal or exceed 30% of its Total Assets; provided, however, that the Mortgagor may nevertheless make Distributions in any year up to 25% of the immediately preceding years's margins if, after giving effect to any such Distribution, the total Equity of the Mortgagor will equal or exceed 20% of its Total Assets, and provided, further, however, that in no event will the Mortgagor make any Distributions if there is unpaid when due any installment of principal of or interest on the Notes, if the Mortgagor is otherwise in default hereunder or if, after giving effect to any such Distribution, the Mortgagor's total current and accrued assets would be less than its total current and accrued liabilities.

(b) After the CFC Class A Notes have been paid and discharged, the Mortgagor will not, in any one calendar year, without the approval in writing of the Two-Thirds Noteholders, declare or pay any dividends, or pay or determine to pay any patronage refunds, or retire any patronage capital or make any other cash distributions to its members, stockholders or consumers (such dividends, refunds, retirements and other distributions being hereinafter collectively called "Distributions") if, after giving effect to any such Distribution, the total Equity of the Mortgagor will not equal or exceed 30% of its Total Assets; provided, however, that the Mortgagor may nevertheless make Distributions in any calendar year up to 25% of the immediately preceding years's margins if, after giving effect to any such Distribution, the total Equity of the Mortgagor will equal or exceed 20% of its Total Assets, and provided, further, however, that in no event will the Mortgagor make any Distributions if there is unpaid when due any installment of principal of or interest on the Notes, if the Mortgagor is otherwise in default hereunder or if, after giving effect to any such Distribution, the Mortgagor's total current and accrued assets would be less than its total current and accrued liabilities.

For the purpose of this section, a "cash distribution" shall be deemed to include any general cancellation or abatement of charges for electric energy or services furnished by the Mortgagor, but not the repayment of a membership fee of not in excess of \$100 upon termination of a membership.

SECTION 4.17. Application of Proceeds from Condemnation. 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, except to the extent that the Government, CFC and CoBank shall consent to other use and application thereof by the Mortgagor, shall forthwith be applied by the Mortgagor: first, to the ratable payment of any indebtedness secured by this Mortgage other than indebtedness under 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 Noteholders at the time of any such payment; fourth, to the ratable payment of any and all other amounts payable under the Notes; fifth, to the ratable payment of any and all other amounts payable under the RUS Loan Agreement, the CFC Loan Agreements and the CoBank Loan Agreements; and sixth, the balance shall be paid to whosoever shall be entitled thereto; provided, however, that any Noteholder may cause funds to which it may be entitled under clause third hereof to be applied by the Mortgagor to the making of a deposit in the construction fund contemplated by Account 131.2 of the Accounting Requirements instead of causing such funds to be applied to the prepayment of any Note held by such Noteholder.

SECTION 4.18. Limitation on Employment of General Manager If, during such periods as the Mortgagor shall be in default hereunder, under the RUS Agreement or any other agreement with RUS, the Government shall at any time request the Mortgagor to terminate the employment of any

general manager of the Mortgagor's system or any person exercising comparable authority, or shall request the termination of any operating contract in respect of any such system, the Mortgagor will terminate such employment or operating contract within 30 days after the date of such notice. All contracts in respect of the employment of any such manager or person exercising comparable authority, or for the operation of any such system, shall contain provisions to permit compliance with the foregoing covenants.

SECTION 4.19. Compliance with RUS Loan Agreement, CFC Loan Agreements, CoBank Loan Agreements; Notice of Amendments to, and Defaults under, RUS Loan Agreement, CFC Loan Agreements, CoBank Loan Agreements; Terms of Mortgage to Govern. The Mortgagor will well and truly observe and perform all of the covenants, agreements, terms and conditions contained in the RUS Loan Agreement, the CFC Loan Agreements and the CoBank Loan Agreements, as from time to time amended, on its part to be observed or performed. The Mortgagor will promptly furnish each Mortgagee with written notice of any amendment or modification of this Mortgage, the RUS Loan Agreement, the CFC Loan Agreements and the CoBank Loan Agreements, and of the occurrence of any event of default under this Mortgage, the RUS Loan Agreement, the CFC Loan Agreements or the CoBank Loan Agreements, and, so long as the CFC Notes remain unpaid and outstanding, any amendment or modification of the CFC Financing Agreements or the CFC Guaranty Agreements, and, of the occurrence of any default thereunder. For purposes of this Mortgage, in the event of any inconsistency between the terms of this Mortgage and the terms of the RUS Loan Agreement, the CFC Loan Agreements or the CoBank Loan Agreements the terms of this Mortgage shall govern.

SECTION 4.20. Rights of Way, etc. Necessary in Business. The Mortgagor will 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 4.21. Limitations on Loans, Investments and Other Obligations. (a) so long as any CFC Class A Notes are unpaid and outstanding, the Mortgagor will not, without the written approval of the Government and CFC, hereafter make any loan or advance to, or make any investment in, or purchase or make any commitment to purchase any stock, bonds, notes or other securities of, or guarantee, assume or otherwise become obligated or liable with respect to the obligations of any person, firm or corporation, except (i) securities or deposits issued, guaranteed or fully insured as to payment by the United States Government or any agency thereof, (ii) securities of CoBank or Capital Term Certificates or other securities of the National Rural Utilities Cooperative Finance Corporation, (iii) capital credits resulting from the payment for power and energy purchased and actually received from a generating and transmission cooperative of which the Mortgagor is a member, (iv) loans, deposits, advances, investments, securities and obligations which the Mortgagor has, prior to December 31, 1971, committed itself to make, purchase or undertake, as the case may be, and as to which the Mortgagor has given the Mortgagees notice in writing prior to such date, and (v) such other loans, deposits, advances, investments and obligations as may from time to time be made, purchased or undertaken by the Mortgagor; provided, however, that the aggregate cost of investments, plus the total unpaid principal amount of the loans, deposits, advances and obligations, permitted under this clause (v) shall not, except as permitted by applicable law, at any time exceed 3 % of the Total Utility Plant of the Mortgagor.

(b) After the CFC Class A Notes shall have been paid and discharged, the Mortgagor will not, without the written approval of the Government, hereafter make any loan or advance to, or make any investment in, or purchase or make any commitment to purchase any stock, bonds, notes or other

securities of, or guarantee, assume or otherwise become obligated or liable with respect to the obligations of any person, firm or corporation, except (i) securities or deposits issued, guaranteed or fully insured as to payment by the United States Government or any agency thereof, (ii) securities of CoBank or Capital Term Certificates or other securities of the National Rural Utilities Cooperative Finance Corporation, (iii) capital credits resulting from the payment for power and energy purchased and actually received from a generating and transmission cooperative of which the Mortgagor is a member, (iv) loans, deposits, advances, investments, securities and obligations which the Mortgagor has, prior to December 21, 1971, committed itself to make, purchase or undertake, as the case may be, and as to which the Mortgagor has given the Mortgagees notice in writing prior to such date, and (v) such other loans, deposits, advances, investments and obligations as may from time to time be made, purchased or undertaken by the Mortgagor; provided, however, that the aggregate cost of investments, plus the total unpaid principal amount of the loans, deposits, advances and obligations, permitted under this clause (v) shall not, except as permitted by applicable law, at any time exceed 3 % of the Total Utility Plant of the Mortgagor.

SECTION 4.22. When Rights of Government to Vest in CFC or CoBank; When Rights of CFC or CoBank to Vest in Government. So long as any CFC Class A Note shall be unpaid and outstanding, if all the RUS Notes have been paid and discharged while any CFC Class A Notes are still outstanding, all rights and powers of the Government and the holders of the RUS Notes under this Mortgage shall immediately vest in CFC and the holders of the CFC Class A Notes, respectively, and, correspondingly, if all the CFC Notes have been paid and discharged while any of the RUS Notes are still outstanding, all rights and powers of CFC and the holders of the CFC Notes under this Mortgage shall immediately vest in the Government and the holders of the RUS Notes, respectively. CFC, the Government, the Mortgagor and the Noteholders shall execute and deliver such instruments, assignments, releases or other documents as shall be reasonably required to carry out the intention of this Section 4.22. If all the RUS Notes have been paid and discharged and all the CFC Class A Notes have been paid and discharged while any of the CFC Class B Notes or the CFC Class D Notes are still outstanding or while any of the CoBank Notes are still outstanding, all rights and powers of the Government and the holders of the RUS Notes under this Mortgage shall immediately vest in CFC and CoBank and the holders of the CFC Notes and the holders of the CoBank Notes, respectively, and, correspondingly, if all the CoBank Notes have been paid and discharged while any of the RUS Notes are still outstanding, all rights and powers of CoBank and the holders of the CoBank Notes under this Mortgage shall immediately vest in the Government and the holders of the RUS Notes, respectively. CoBank, the Government, the Mortgagor and the Noteholders shall execute and deliver such instruments, assignments, releases or other documents as shall be reasonably required to carry out the intention of this Section 4.22.

SECTION 4.23. Compliance with Laws. The Mortgagor shall comply in all material respects with all federal, state, and local laws, rules, regulations, ordinances, codes, and orders the failure to comply with which could have a material adverse effect on the condition, financial or otherwise, operations, properties or business of the Mortgagor, or on the ability of the Mortgagor to perform its obligations under this Mortgage, the RUS Loan Agreement, the CFC Loan Agreements, or the CoBank Loan Agreements.

SECTION 4.24. Rights of Paid Mortgagees and Paid Noteholders to Vest in Unpaid Mortgagees and Unpaid Noteholders. If all the Notes issued to a Mortgagee have been paid and discharged while any of the other Notes are still outstanding, all rights and powers of such Mortgagees under this Mortgage shall immediately vest in the remaining Mortgagee or Mortgagees, as the case may be. If all the Notes issued to a Noteholder have been paid and discharged while any of the other Notes are still outstanding, all rights and powers of the Noteholder or Noteholders shall immediately vest in the

remaining Noteholder or Noteholders, as the case may be. The Mortgagor, the Mortgagees and the Noteholders shall execute and deliver such instruments, assignments, releases or other documents as shall be reasonably required to carry out the intention of this Section 4.24.

SECTION 4.25. Authorization to File Financing Statements. The Mortgagor hereby irrevocably authorizes any 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 Uniform Commercial Code, or (ii) as being of an equal or lesser scope or with greater detail, and

(b) contain any other information required by the applicable Uniform Commercial Code 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 organization 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 Uniform Commercial Code jurisdiction any like initial financing statements or amendments thereto if filed prior to the date hereof.

SECTION 4.26. Organizational Changes. The Mortgagor will give the Mortgagees, thirty (30) days prior to the effective date, written notice of any change in its name, mailing address, or principle place of business or any change in location of its chief place of business or the office where its records concerning accounts and contracts are kept or the state of its incorporation. The Mortgagor covenants and agrees that it will not, without the prior written consent of the Government, change its type of organization, the jurisdiction of its organization or other legal structure.

SECTION 4.27. Restatement of Certain Representations and Covenants in the CFC Class B Financing Agreements; Payment of Accelerated Bonds; CFC Loans Therefor. (a) So long as any of the CFC Class B Notes shall be unpaid and outstanding, the Mortgagor makes to each Mortgagee the same representations made by it in Subsections (f), (g), (h), (i), (j), (k), (l) and (n) of Section 2.2 of the CFC Class B Financing Agreements, and covenants and agrees with each Mortgagee that it will comply with the provisions of Section 5.5 of the CFC Class B Financing Agreements.

(b) So long as any of the CFC Class B Notes shall be unpaid and outstanding, in the event that (1) any representation by the Mortgagor contained in said Subsections of Section 2.2 of the CFC Class B Financing Agreements shall prove to be incorrect or untrue in any material respect, or the Mortgagor shall fail to observe or perform any covenant contained in Section 5.5 of any of the CFC Class B Financing Agreements, and (2) a ruling is made to the effect that as a result of such incorrect or untrue representation or failure by the Mortgagor, the interest payable on the bonds (or other debt instruments) related thereto is includable in the gross income for Federal Income Tax purposes of the holder or holders thereof (other than a "substantial user" of the facilities or a "related person" thereto, as such terms are used or defined in Section 147(a) of the Internal Revenue Code of 1986), such ruling being either by (i) the Internal Revenue Service in a published or private ruling or technical advice memorandum in which the Mortgagor has been given the opportunity to participate directly or through

any holder or holders of any of the bonds, and the effect of which ruling or memorandum the Mortgagor, in its discretion, does not contest by any appropriate legal judicial proceeding directly or through any holder or holders of any of the bonds, or (ii) a final determination by any court of competent jurisdiction in the United States in a proceeding in which the Mortgagor has been given an opportunity to participate directly or through any holder or holders of any of the bonds, then the Mortgagor shall prepay the related CFC Class B Note within 120 days after the issuance of such ruling. Such prepayment shall not be subject to the provisions of Section 4.04 hereof. To the extent it has insufficient funds available for this purpose from other sources, the Mortgagor will apply to CFC for a long-term loan, the proceeds of which will be used to make such prepayment, and if the Government gives written approval to the additional note or notes evidencing such CFC loan in accordance with Section 3.01 hereof, CFC agrees to make such loan upon substantially the same terms and conditions as shall be then generally applicable to CFC long-term loans to its power supply members.

ARTICLE V

REMEDIES OF THE MORTGAGEES AND NOTEHOLDERS

SECTION 5.01. Events of Default; Remedies of the Government. If one or more of the following events (hereinafter called "Events of Default") shall happen:

(a) default shall be made in the payment of any installment of or on account of interest on, premium, if any, or principal of, any Note or Notes when and as the same shall be required to be made whether by acceleration or otherwise;

(b) any representation or warranty made by the Mortgagor herein, in the RUS Loan Agreement, the CFC Loan Agreements, the CoBank Loan Agreements or in any certificate delivered hereunder or thereunder shall prove to have been incorrect or untrue in any material respect when made;

(c) default shall be made in the due observance or performance of any of the covenants, conditions or agreements on the part of the Mortgagor contained in Sections 4.03, 4.04, 4.05, 4.07, 4.08, 4.10, 4.16 and 4.21 hereof;

(d) 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 RUS Loan Agreement, the CFC Loan Agreements, the CoBank Loan Agreements, Notes or in this Mortgage contained, and such default shall continue for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Mortgagor by any Noteholder;

(e) 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 30 days after the institution thereof;

(f) a receiver, trustee 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 30 days after the entry thereof;

(g) 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;

(h) a final judgment shall be entered against the Mortgagor and shall remain unsatisfied or without a stay in respect thereof for a period of 30 days; or

(i) a violation of the terms of any subordination agreement entered into in connection with any Subordinated Indebtedness shall have occurred,

then in each and every such case the Government, to the extent permitted by applicable state law on behalf of all the Noteholders, may, in its discretion

(aa) without protest, presentment or demand, declare all unpaid principal of and accrued interest on the Notes 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 any Note or Notes to the contrary notwithstanding;

(bb) 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 and profits pertaining to or arising from the Mortgaged Property, or any part thereof, 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;

(cc) (1) so long as any CFC Class A Note shall be unpaid and outstanding, proceed to protect and enforce the rights of the Mortgagees and the rights of the Noteholder or Noteholders under this Mortgage 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 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 Government or CFC shall each have the right, irrespective of the adequacy of the security, to have appointed a receiver of the Mortgaged Property and of all rents, income, revenues and profits pertaining thereto or arising therefrom 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 the Government or CFC shall make application for the appointment of a receiver the Mortgagor hereby expressly consents that the court to which such application shall be made may, irrespective of the adequacy of the security, make said appointment; and

(2) if the CFC Class A Notes shall not be outstanding at that time, proceed to protect and enforce the rights of the Mortgagees and the rights of the Noteholder or Noteholders under this Mortgage 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 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 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 Government shall have the right, irrespective of the adequacy of the security, to have appointed a receiver of the Mortgaged Property and of all rents, income, revenues, and profits pertaining thereto or arising therefrom derived, received or had from the time of the commencement of such suit or action, and such receiver shall have the usual powers and duties of receivers in like and similar cases, to the fullest extent permitted by law, and if application is made hereunder for the appointment of a receiver, the Mortgagor hereby expressly consents that the court to which the Government shall make such application may, irrespective of the adequacy of the security, make said appointment; and

(dd) 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 or otherwise, as may be prescribed or permitted, and in the manner prescribed or permitted by applicable law.

SECTION 5.02. When Mortgagees and Noteholders Other than the Government May Exercise Remedies.

(a) **CFC Class A Note Remedies.** So long as the CFC Class A Notes shall be unpaid and outstanding, upon the expiration of 30 days after the happening of an Event or Events of Default, (except a failure to duly observe or perform any terms, covenants, conditions or agreements on the part of the Mortgagor contained in Section 4.27 of this Mortgage) any right or remedy herein or by law conferred which the Government shall not have proceeded to exercise or enforce may, to the extent permitted by applicable state law, be exercised and enforced by CFC, as holder of the CFC Class A Notes, on behalf of all the Noteholders.

(b) **25% Noteholders.** Notwithstanding the remedial rights of the Government provided for in Section 5.01 hereof and of CFC, as holder of the CFC Class A Notes, provided for in Subsection 5.02(a) hereof, so long as any of the CFC Notes or the CoBank Notes shall be unpaid and outstanding, upon the expiration of 30 days after the happening of an Event or Events of Default, any right or remedy herein or by law conferred which the Government shall not have proceeded to exercise or enforce may, to the extent permitted by applicable state law, be exercised and enforced by the 25% Noteholders on behalf of all the Noteholders.

(c) **CFC Class B Note Remedies.** Notwithstanding the remedial rights of the Government provided for in Section 5.01 hereof, and of CFC, as the holder of the CFC Class A Notes, and the 25% Noteholders provided for in Subsections 5.02(a) and (b) hereof, so long as any of the CFC Class B Notes shall be unpaid and outstanding:

(1) Upon the occurrence of any Event of Default described in Section 5.01(a) hereof in respect of any CFC Class B Note (herein called a "Non-payment Event of Default") (i) if such Non-payment Event of Default or any other Non-payment Event of Default in respect of any CFC Class B Note shall not have been cured after the expiration of 360 days from the initial occurrence of a Non-payment Event of Default, and (ii) if after the expiration of such 360 days CFC shall, in writing, request the Government to exercise the remedy provided for in Section 5.01(bb) hereof, then the Government shall, on or before the expiration of 60 days from the date of such written request, exercise such remedy on behalf of all the Noteholders if, and to the extent, permitted by applicable law. If the Government fails to exercise such remedy at such time, and if the Non-payment Event of Default first

occurring, or any other such Event of Default, shall not have been cured, CFC may forthwith exercise the remedy provided in said Section 5.01(bb) on behalf of all the Noteholders. If, upon the expiration of 720 days after the occurrence of the initial Non-payment Event of Default, such initial Non-payment Event of Default or any other subsequently occurring Non-payment Event of Default in respect of any CFC Class B Note shall not have been cured, CFC may exercise on behalf of all the Noteholders any right or remedy described in Section 5.01 hereof.

(2) If the Mortgagor shall have failed to prepay any CFC Class B Note as provided in Section 4.27(b) hereof and if the bonds (or other debt instruments) related thereto shall have been accelerated then, CFC may exercise on behalf of all the Noteholders any right or remedy described in Section 5.01 hereof.

(3) Any CFC Class B Noteholder may declare all unpaid principal of, premium, if any, and interest on all outstanding CFC Class B Notes to be due and payable immediately, in the manner described in Section 5.01(aa) hereof if: (i) the Government or any person other than such CFC Class B Noteholder or the trustee shall have duly caused acceleration on account of any of the Notes; or (ii) any of the Events of Default specified in Section 5.01(e) or 5.01(f) hereof shall have occurred at the instance of any person (including the Government) other than such CFC Class B Noteholder or the trustee.

(4) Nothing in this Mortgage contained shall affect or impair the right, which is absolute and unconditional, of any CFC Class B Noteholder to enforce the payment of the principal of, premium, if any, or interest on the CFC Class B Note or Notes held by such CFC Class B Noteholder on the date or dates any such interest, premium or principal shall become due and payable, whether by acceleration or otherwise, in accordance with the terms of such note; provided, however, that no such acceleration shall be effective unless pursuant to this Section 5.02 (c).

(5) So long as the CFC Class B Notes are unpaid and outstanding, if, in the opinion of counsel satisfactory to the Government, the Government may not lawfully act on behalf and for the benefit of all Noteholders other than the Government, CFC shall have the right in respect of any CFC Class B Note to exercise any right or remedy herein or by law conferred (1) immediately upon the Government's exercise of any right or remedy hereunder, or (2) on a date 120 days or more after the occurrence of an Event of Default, which is then continuing, if the Government has failed, prior to such date, to exercise any right or remedy hereunder.

(6) CFC may, at any time or times, by specific performance or injunctive action, obtain compliance by the Mortgagor with any covenant of the Mortgagor herein (other than covenants providing for payments on account of the Notes) which runs expressly to CFC as such (whether referred to as "CFC" or as a "Mortgagee") and which expressly provides for or requires the consent of, approval of, notice to, or request or direction by, CFC as such (whether referred to as "CFC" or as a "Mortgagee") contained in Subsection 4.08(a) hereof, Sections 4.10, 4.12, 4.13, 4.16, 4.19, 4.26 and 4.27(a) hereof, Section 5.03 hereof, and Section 7.02 hereof, and with any covenants or agreements which run to CFC (whether referred to as "CFC" or as a "Mortgagee") added by amendment of this Mortgage pursuant to the provisions of Section 7.03 hereof.

(d) CFC Class D Note Remedies. Notwithstanding the remedial rights of the Government provided for in Section 5.01 hereof, of the CFC Class A Noteholders, the 25% Noteholders, and the CFC Class B Noteholders provided for in Sections 5.02(a), (b) and (c) hereof, so long as any of the CFC Class D Notes shall be unpaid and outstanding:

(1) Upon the occurrence of (i) any Event of Default described in Section 5.01(a) hereof with respect to any CFC Class D Notes, or (ii) any Event of Default described in Section 5.01(e) or 5.01(f) hereof, if the respective Event of Default referred to in either clause (i) or clause (ii) of this Subsection shall not have been cured upon the expiration of 90 days after the initial occurrence of such Event of Default, then CFC may forthwith exercise on behalf of all Noteholders any right or remedy described in Section 5.01 hereof.

(2) Nothing contained in this Mortgage shall affect or impair the right, which is absolute and unconditional, of any CFC Class D Noteholder to enforce the payment of the principal of, premium, if any, or interest on the CFC Class D Note or Notes held by such CFC Class D Noteholder on the date or dates any such interest, premium or principal shall become due and payable whether by acceleration or otherwise, in accordance with the terms of such Note; provided, however, that no such acceleration by any CFC Class D Noteholder shall be effective unless pursuant to this Section 5.02(d).

(e) CoBank Class D Note Remedies. Notwithstanding the remedial rights of the Government provided for in Section 5.01 hereof, and the 25% Noteholders hereof, so long as any of the CoBank Class D Notes shall be unpaid and outstanding:

(1) Upon the occurrence of (i) any Event of Default described in Section 5.01(a) hereof with respect to any CoBank Class D Notes, or (ii) any Event of Default described in Section 5.01(e) or 5.01(f) hereof, if the respective Event of Default referred to in either clause (i) or clause (ii) of this Subsection shall not have been cured upon the expiration of 90 days after the initial occurrence of such Event of Default, then CoBank may forthwith exercise on behalf of all Noteholders any right or remedy described in Section 5.01 hereof.

(2) Nothing contained in this Mortgage shall affect or impair the right, which is absolute and unconditional, of any CoBank Class D Noteholder to enforce the payment of the principal of, premium, if any, or interest on the CoBank Note or Notes held by such CoBank Class D Noteholder on the date or dates any such interest, premium or principal shall become due and payable whether by acceleration or otherwise, in accordance with the terms of such Note; provided, however, that no such acceleration by any CoBank Class D Noteholder shall be effective unless pursuant to this Section 5.02(b).

SECTION 5.03. Notice to Mortgagees of Event of Default. The Mortgagor covenants that it will give immediate written notice to each of the Mortgagees and to all of the Noteholders of the occurrence of an Event of Default hereunder, or in the event that any right or remedy described in clauses (aa) through (dd) of Section 5.01 hereof is exercised or enforced, or any action is taken to exercise or enforce any such right or remedy. Each Mortgagee covenants that it will give immediate written notice to the other Mortgagees and to all of the Noteholders of the occurrence of an Event of Default hereunder of which it has knowledge or in the event that such Mortgagee exercises or enforces any right or remedy described in said clauses (aa) through (dd), or takes any action to exercise or enforce any such right or remedy.

SECTION 5.04. Right of Noteholders to Bid on Mortgaged Property. At any sale hereunder any Noteholder or Noteholders shall have the right to bid for and purchase the Mortgaged Property, or such part thereof as shall be offered for sale.

SECTION 5.05. 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 and any other sums received by the Mortgagees, the disposition of which is not otherwise herein specifically provided for, shall be applied (except to the extent any Note provides for subordination thereof) first, to the payment of indebtedness hereby secured other than under 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; fourth, to the ratable payment of any and all other amounts payable under the Notes; fifth, to the ratable payment of any and all other amounts payable under the RUS Loan Agreement, the CFC Loan Agreements and the CoBank Loan Agreements; and sixth, the balance, if any, shall be paid to whosoever shall be entitled thereto. Any proceeds or funds collected by the Government under this Mortgage for the account or benefit of, or which are distributable or attributable to, CFC or to CoBank or any holder of a Note other than a RUS Note, in no event shall be deemed to be moneys received for the use of the United States of America as contemplated by 31 United States Code Annotated § 484 or 31 United States Code Annotated § 495.

SECTION 5.06. 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 here under or now or hereafter existing at law, or in equity, or by statute. The pursuit of any right or remedy hereunder shall not be deemed to be an election and shall not preclude the pursuit of any other right or remedy.

SECTION 5.07. Waiver of Appraisal Rights. 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 appraisal, valuation, stay, extension or redemption laws now or hereafter in force in any locality where any of the Mortgaged Property may be situated 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.

SECTION 5.08. Waiver of Default. If at any time after an Event of Default and prior to the institution of foreclosure proceedings, all payments in respect of principal and interest which shall have become due and payable by the terms of the Notes shall be paid to the respective Noteholders, and all other defaults hereunder and under the Notes shall have been cured, together with reimbursement for any resulting expense or damage, to the satisfaction of all the Noteholders, together with interest at the highest legal rate, but not in excess of 10% per annum, then and in every such case, the Mortgagee or Mortgagees who shall have instituted any of the foregoing remedies may, by written notice to the Mortgagor, waive such default or defaults, but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

SECTION 5.09. Mortgagee Attorney-in-Fact for Remedies. For purposes of this Article V, to the extent permitted by applicable state law, each Noteholder appoints the Mortgagee or Mortgagees exercising any remedy as above provided as its attorney(s)-in-fact for such purpose.

SECTION 5.10. No Implied Consent to Reorganization. Nothing herein contained shall be deemed to authorize the Mortgagees to authorize or consent to or accept or adopt on behalf of any other Noteholder any plan of reorganization, arrangement, adjustment or composition affecting the Notes

or the rights of any other holder thereof, or to authorize the Mortgagees to vote in respect of the claim of any other Noteholder in any such proceeding.

SECTION 5.11. Enforcement of Rights without Possession of Notes. Any rights of action and claims under this Mortgage or the Notes may be prosecuted and enforced by the Mortgagee or Mortgagees prosecuting and enforcing the same without the possession of any of the Notes or the production thereof in any proceeding relating thereto, and, to the extent permitted by applicable state law, any such proceeding instituted by any Mortgagee shall be brought in its own name as attorney-in-fact for the Noteholders, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Mortgagees, their agents and counsel, be for the ratable benefit of the Noteholders in respect of which such judgment has been recovered.

ARTICLE VI

POSSESSION UNTIL DEFAULT - DEFEASANCE CLAUSE

SECTION 6.01. 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, products and profits thereof or therefrom, subject to the provisions of this Mortgage.

SECTION 6.02. Defeasance. If the Mortgagor 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 under the RUS Loan Agreement, the CFC Loan Agreements and CoBank Loan Agreements and hereunder by the Mortgagor and shall well and truly keep and perform, according to the true intent and meaning of this Mortgage, all covenants 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 Mortgagor and the estate, right, title and interest of the Mortgagees and the Noteholders shall thereupon cease, determine and become void and the Mortgagees and the Noteholders, in such case, on written demand of the Mortgagor but at the Mortgagor's cost and expense, shall enter satisfaction of this Mortgage upon the record. In any event, each Noteholder, upon payment in full to him by the Mortgagor of all principal of and interest on any Note held by him and the payment and discharge by the Mortgagor of all charges due to such Noteholder hereunder, shall execute and deliver to the Mortgagor such instrument of satisfaction, discharge or release as shall be required by law in the circumstances.

ARTICLE VII

MISCELLANEOUS

SECTION 7.01. Property Deemed Real Property. It is hereby declared to be the intention of the Mortgagor and each of the Mortgagees hereto that prior to the release of property from the lien of this Mortgage that all electric generating plant or plants, facilities and all appurtenances thereto and all transmission and distribution lines or systems, 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 plants, lines, facilities or systems, and all service and connecting lines, poles, posts, crossarms, 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 plants, lines, or systems, and all other property physically attached to any of the foregoing, shall be deemed to be real property.

SECTION 7.02. Mortgage to Bind and Benefit Successors and Assigns; Neither CFC nor CoBank May Assign Rights without Government Consent. 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, subject to the provisions of Section 7.06 hereof 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 the holders of Notes executed and delivered as herein provided. The Mortgagor and each of the Mortgagees hereby agree to execute and deliver such consents, acknowledgments and other instruments as may be reasonably requested by any of the Mortgagees or any Noteholder in connection with any assignment of the rights or interests of any Mortgagee or any Noteholder hereunder or under the Notes. Notwithstanding the foregoing, no sale, assignment or transfer of any of the CFC Notes, and no assignment of any right or power of CFC hereunder, shall be effective as against the Government or the Mortgagor unless such sale, assignment or transfer shall have been previously approved in writing by the Government; it being understood that no such approval shall be required for or in connection with any assignment, transfer, mortgage, hypothecation or pledge (hereinafter called a "security interest") by CFC of (i) any of the CFC Class B Notes pursuant to the CFC Class B Guaranty Agreements, or (ii) any of the CFC Class A Notes or any CFC Class D Notes, or any right or power of CFC, the CFC Class A Noteholders or the CFC Class D Noteholders hereunder in connection with a borrowing by CFC, which security interest provides that the rights and powers of CFC, CFC Class A Noteholders or the CFC Class D Noteholders under such Notes and this Mortgage shall be exercised by the holders thereof or CFC unless and until a default by CFC exists under the terms governing such security interest and that the restrictions herein contained shall not apply to any sale, assignment, transfer or other disposition pursuant to the terms governing such security interest and shall not apply to any such disposition by any person other than CFC. Notwithstanding any of the foregoing, no sale, assignment or transfer of any of the CoBank Notes, and no assignment of any right or power of CoBank hereunder, shall be effective as against the Government or the Mortgagor unless such sale, assignment or transfer shall have been previously approved in writing by the Government; it being understood that no such approval shall be required for or in connection with any assignment, transfer, mortgage, hypothecation or pledge (hereinafter called a "security interest") by CoBank of any of the CoBank Notes or the CoBank Class D Noteholders hereunder in connection with a borrowing by CoBank, which security interest provides that the rights and powers of CoBank and the CoBank Class D Noteholders under the CoBank Class D Notes and this Mortgage shall be exercised by the holders thereof or CoBank unless and until a default by CoBank exists under the terms governing such security interest and that the restrictions herein contained shall not apply to any sale, assignment, transfer or other disposition pursuant to the terms governing such security interest and shall not apply to any such disposition by any person other than CoBank.

SECTION 7.03. Consent of CFC or CoBank Not Required for Certain Amendments to Mortgage. Notwithstanding any other provisions of this Mortgage, the consent of CFC or CoBank or of any holder of any of the CFC Notes or the CoBank Notes shall not be required for any amendment of this Mortgage for any one or more of the following purposes:

(a) to convey, transfer and assign to the Mortgagees and to subject to the lien of this Mortgage, with the same force and effect as though included in the Granting Clause hereof, additional property;

(b) to add to the covenants of the Mortgagor further covenants, restrictions or conditions for the protection of the holders of the Notes secured hereby, and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants, restrictions or conditions a default or an Event of Default permitting the enforcement of any or all of the several remedies provided in this Mortgage as herein set forth; provided, however, that in respect of any such additional covenant, restriction or condition such amendment may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults, but in no event longer than 30 days) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Mortgagees upon such default; or

(c) to increase the amount of the Maximum Debt Limit.

SECTION 7.04. Determination of Amounts Unpaid and Outstanding under RUS Reimbursement Notes. With respect to any RUS Reimbursement Note which evidences an obligation of the Mortgagor to reimburse the Government for sums advanced by the Government to a third party or parties for the account of the Mortgagor, the unpaid and outstanding principal of such note shall be the aggregate of all sums advanced by the Government under such Reimbursement Note and remaining unpaid as of the time of such principal computation.

SECTION 7.05. When CFC Guaranty Notes Are Deemed to be Unpaid and Outstanding under CFC Guaranty Notes. With respect to any CFC Note which evidences an obligation of the Mortgagor, pursuant to a CFC Loan Agreement, to reimburse CFC for sums advanced by CFC to a third party or parties for the account of the Mortgagor (such CFC Note being hereinafter called a "CFC Guaranty Note"), no such CFC Guaranty Note shall be deemed to be "unpaid and outstanding" for purposes of determining whether CFC or a holder of such CFC Guaranty Note may exercise or enjoy any right, remedy, power or control under this Mortgage, unless and until there shall have been an advance of funds made by CFC under such CFC Guaranty Note pursuant to such CFC Loan Agreements. For purposes of determining the principal amount unpaid and outstanding under any CFC Guaranty Note as of any time, only the aggregate of all sums advanced by CFC under such CFC Guaranty Note and remaining unpaid and outstanding as of the time of such determination shall be included.

SECTION 7.06. Indemnification by Mortgagor of Mortgagees. The Mortgagor agrees to indemnify and save harmless each of the Mortgagees against any liability or damages which either 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 damages shall be paid to the Mortgagees incurring or suffering the same with interest at the rate specified in Section 4.09 hereof. The Mortgagor's obligation to indemnify the Mortgagees under this section and under Section 4.09 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.

SECTION 7.07. Government to Retain Rights as Mortgagee with respect to Insured Notes and Guaranteed Notes. At all times when any Note is held by the Government, or in the event the

Government shall assign a Note without having insured the payment of such Note, this Mortgage shall secure payment of such Note for the benefit of the Government or such uninsured holder thereof, as the case may be. Whenever any Note may be sold to an insured purchaser, it shall continue to be considered a "Note" as defined herein, but as to any such insured Note the Government, and not such insured purchaser, shall be considered to be, and shall have the rights of, the Noteholder for purposes of this Mortgage. Notice of the rights of the Government under the preceding sentence shall be set forth in all such insured Notes. As to any Note which may evidence a loan or loans guaranteed pursuant to the Act, the Government, and not the guaranteed lender or lenders, shall be considered to be, and shall have the rights of, the Noteholder for purposes of this Mortgage.

SECTION 7.08. Headings. The descriptive headings of the various articles and sections of this Mortgage 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 7.09. 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 mailed by registered mail addressed to the proper party or parties at the following addresses:

As to the Mortgagor: Central Iowa Power Cooperative
P. O. Box 2517
Cedar Rapids, Iowa 52406

As to the Mortgagees:

The Government:

Rural Utilities Service
United States Department of Agriculture
Room No. 0270
1400 Independence Avenue, S.W.
Washington, D.C. 20250-1568
Attention: Power Supply Division
Fax: (202) 720-1401

CFC:

National Rural Utilities Cooperative Finance
Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025

CoBank:

5500 South Quebec Street
Greenwood Village, Colorado 80111-1914
Attention: Communications and Energy
Banking Group

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 Mortgagor and the Mortgagees. The Mortgagor or

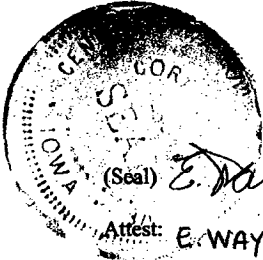
the Mortgagees may from time to time designate to each other a new address to which demands, notices, reports, approvals, designations or directions may be addressed and from and after any such designation the address designated shall be deemed to be the address of such party in lieu of the address hereinabove given.

SECTION 7.10. Severability. The invalidity, illegality, or unenforceability of any one or more phrases, clauses, sentences, paragraphs or provisions of this Mortgage shall not in any way be affected or impaired, nor shall it affect or impair the remaining provisions hereof, nor shall any such invalidity, illegality, or unenforceability as to one Mortgagee or as to any Noteholder hereunder affect or impair the rights hereunder of any other Mortgagee or any other Noteholder.

SECTION 7.11. Mortgage Deemed Security Agreement. To the extent that any of the property described or referred to herein and in this Mortgage is governed by the provisions of the Uniform Commercial Code, this Mortgage, Security agreement and Financing Statement is hereby deemed a "security agreement" under the Uniform Commercial Code, and this Consolidated Mortgage, Security Agreement and Financing Statement is also hereby declared to be a "financing statement", for said security agreement under the Uniform Commercial Code. The mailing address of the Mortgagor as debtor, and of the Mortgagees as secured parties, are as set forth on the cover page of this Mortgage and in Section 7.08 of this Mortgage. Proceeds of Collateral are covered hereby. The Mortgagor is an organization of the type and organized in the jurisdiction set forth on page 1 hereof. The cover page hereof accurately sets forth the Mortgagor's organizational identification number or accurately states that the Mortgagor has none. If any Mortgagee so directs the Mortgagor to do so, the Mortgagor shall file as a financing statement under the Uniform Commercial Code for said security agreement and for the benefit of all the Mortgagees, an instrument other than this Mortgage. In such case, the instrument to be filed shall be in the form customarily accepted by the filing office as a financing statement.

SECTION 7.12. Counterpart Execution. This Mortgage 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, CENTRAL IOWA POWER COOPERATIVE, as Mortgagor and debtor, has caused this Consolidated Mortgage, Security Agreement and Financing Statement to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers hereunto duly authorized, and UNITED STATES OF AMERICA, as Mortgagee and secured party, and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, as Mortgagee and secured party, and COBANK, ACB, as Mortgagee and secured party, have caused this Consolidated Mortgage, Security Agreement and Financing Statement to be duly executed in their behalf, all as of the day and year first above written.



(Seal) *E. Wayne Hornolker*
Attest: E. WAYNE HORNOLKER

Secretary

CENTRAL IOWA POWER COOPERATIVE

by *Keith Wirt*
KEITH WIRT
President

Executed by the Mortgagor and Debtor
in the presence of:

Suzanne
James Cundy
Witnesses

UNITED STATES OF AMERICA

by Centan M. Adams

fa
Administrator
of the
Rural Utilities Service

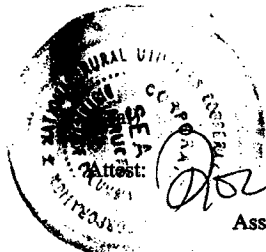
Executed by United States of America,
Mortgagee and Secured Party, in the
presence of:

Alfred Rodger
Laura Hensley
Witnesses

NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION

by David Farrell

Assistant Secretary-Treasurer
DAVID FARRELL



Ronit Kimbrough

Assistant Secretary-Treasurer
RONIT KIMBROUGH

Executed by National Rural Utilities
Cooperative Finance Corporation,
Mortgagee, in the presence of:

Michelle Pahr
Jam. Robert D. Bergin
Witnesses

Michelle Pahr

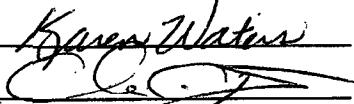

COBANK, ACB

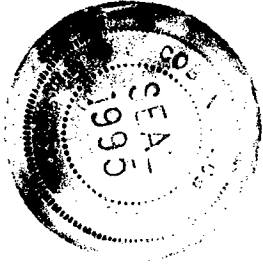
by 
Assistant Corporate Secretary

(Seal)

Attest: 
Assistant Corporate Secretary

Executed by CoBank, Mortgagee and Secured Party, in the presence of:



Witnesses



STATE OF IOWA)
) SS
COUNTY OF *Polk*)

On this *1st* day of *October*, 20*03*, before me,
Linda Wright, a notary public, personally appeared *Keith Wirt*
known to me to be the President of CENTRAL IOWA POWER COOPERATIVE, the Corporation that is
described in and that executed the within instrument, and acknowledged to me that such Corporation
executed the same.

Linda Wright

Notary Public

(Notarial Seal)

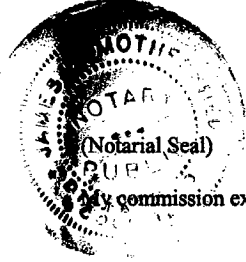
My commission expires:



DISTRICT OF COLUMBIA) SS

On this ^{4th} day of SEPT., 2003, personally appeared before me ^{Deputy} CURTIS M. ANDERSON, who being duly sworn, did say that she 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, she executed said instrument as the act and deed of the United States of America for the uses and purposes therein mentioned.

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



James F. Mothershed
Notary Public
JAMES F. MOTHERSHED

My commission expires: June 14, 2004

COMMONWEALTH OF VIRGINIA)

) SS

COUNTY OF FAIRFAX)

On this 17th day of September, 20 03, before me appeared DAVID FARRELL, to me personally known, who being by me duly sworn, did say that he is the Assistant Secretary-Treasurer of the National Rural Utilities Cooperative Finance Corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors and said Assistant Secretary-Treasurer acknowledged said instrument to be the free act and deed of said corporation.

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



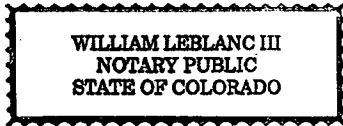


Notary Public
LUCIA KAREN MORA

STATE OF COLORADO)
) SS
COUNTY OF ARAPAHOE)

This instrument was acknowledged before me on Sept 24, in the year 2003
by Penny Probasco and Aime Phelps, 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.



William LeBlanc III

Notary Public - State of Colorado

(Notarial Seal)

My commission expires: 5/2/04

APPENDIX A

A: Outstanding RUS NOTES:

<u>Loan Designation</u>	<u>Principal Amount</u>	<u>Note Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>
TP1#6	30 Sep 1968	\$329,952.48	4 Jan 2003	2%
G#2	27 Jun 1969	\$1,000,000.00	27 Jun 2004	2%
TA1#1	10 Jun 1970	\$862,000.00	10 Jun 2005	2%
G#3	10 Jun 1970	\$138,000.00	10 Jun 2005	2%
K	18 Aug 1970	\$5,000,000.00	18 Aug 2005	2%
G#4	22 Dec 1970	\$862,000.00	22 Dec 2005	2%
H#1	22 Dec 1970	\$468,000.00	22 Dec 2005	2%
L#1	23 Mar 1971	\$5,000,000.00	23 Mar 2006	2%
H#2	11 Feb 1972	\$2,607,000.00	11 Feb 2007	2%
L#2	11 Feb 1972	\$3,415,000.00	11 Feb 2007	2%
M2	30 May 1972	\$3,797,000.00	30 May 2007	2%
L#3	25 Jul 1972	\$7,000,000.00	25 Jul 2007	2%
N4#1	26 Jun 1973	\$5,000,000.00	26 Jun 2008	5%
N4#2	27 Nov 1973	\$3,000,000.00	27 Nov 2008	5%
N4#3	29 Jan 1974	\$6,622,000.00	29 Jan 2009	5%
N4#4,P4	25 Jun 1974	\$10,767,000.00	25 Jun 2009	5%
T4	28 Oct 1975	\$500,000.00	28 Oct 2010	5%
R4	31 Aug 1976	\$6,080,000.00	31 Aug 2011	5%
S4	25 Jul 1978	\$3,425,000.00	25 Jul 2013	5%
W4	25 Jul 1978	\$1,975,000.00	25 Jul 2013	5%
X4	21 Jun 1979	\$5,000,000.00	21 Jun 2014	5%
V4	24 Mar 1980	\$8,469,000.00	30 Apr 2020	5%
Y9	26 Jun 1984	\$1,648,000.00	26 Jun 2019	5%
AB12	21 Dec 1992	\$13,059,000.00	21 Dec 2027	5%
TP4#3	01 Jan 1982	\$281,350.29	25 Jan 2003	2%
TP4#4	01 Jan 1982	\$1,612,344.13	18 Jan 2006	2%
TP4#5	01 Jan 1982	\$3,439,375.24	17 May 2011	5%
TP4#6	01 Jan 1982	\$13,612.16	16 Feb 2016	5%
TP4#7	01 Jan 1982	\$1,402,182.37	21 Dec 2016	5%
*AC62	28 Jun 1996	\$15,820,000.40	20 Jun 2012	5%
TP5	31 Mar 1995	\$990,125.45	21 Aug 2007	2%
TP6	31 Mar 1995	\$2,151,519.22	20 Jun 2012	5%

FFB Notes:

<u>Note Designation</u>	<u>Note Date</u>	<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
AA8	17 Oct 1984	\$36,600,000.00	31 Dec 2017	V
AB12	21 Dec 1992	\$36,338,000.00	31 Dec 2014	V
AB12 (Reimbursement Note)	21 Dec 1992	Determined When Advances Made	On Demand	
Refinancing Note	03 Jan 1994	\$9,958,343.67	31 Dec 2018	V
Refinancing Note	31 Mar 1994	\$28,980,002.76	03 Jan 2022	V
TP7	01 Apr 1996	\$36,398,413.22	31 Dec 2019	V
AC62	28 Jun 1996	\$32,000,000.00	31 Dec 2029	V
AC62 (Reimbursement Note)	28 Jun 1996	Determined When Advances Made	On Demand	

B. CURRENT RUS/FFB NOTES:

<u>Note Designation</u>	<u>Note Date</u>	<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
AE8	1 Jul 2003	\$22,000,000	31 Dec 2033	V
AE8 (Reimbursement Note)	1 Jul 2003	Determined When Advances Made	On Demand	

C. OUTSTANDING CFC CLASS A NOTES:

<u>Note Designation</u>	<u>Note Date</u>	<u>Principal Amount</u>	<u>Maturity Date</u>
A-9001	21 Dec 1971	\$5,000,000	21 Mar 2007
C-9002	18 Apr 1972	\$1,266,000	18 Jul 2007
A-9003	29 Aug 1972	\$3,190,000	29 Aug 2007
A-9004	31 Oct 1972	\$2,610,000	31 Jan 2008
A-9005	18 Jan 1973	\$2,800,000	18 Apr 2008
C-9007	28 May 1974	\$47,672	28 May 2009

D. OUTSTANDING CFC CLASS B NOTES:

<u>Note Designation</u>	<u>Note Date</u>	<u>Principal Amount</u>	<u>Maturity Date</u>
Series 1977 PCB Project Note	01 Dec 1977	\$3,150,000	01 Dec 2007
Series 1977 PCB Guaranty Note	01 Dec 1977	Determined When Advances Made	On Demand
Series 1993 L PCB Project Note	01 Oct 1993	\$2,560,000	15 Dec 2003
Series 1993 L PCB Guaranty Note	01 Oct 1993	Determined When Advances Made	On Demand

E. OUTSTANDING CFC CLASS D NOTES:

<u>Note Designation</u>	<u>Note Date</u>	<u>Principal Amount</u>	<u>Maturity Date</u>
A-9020	29 Apr 1980	\$10,000,000	29 Apr 2020

G. CURRENT COBANK CLASS D NOTE:

<u>Note Designation</u>	<u>Note Date</u>	<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
Security hereunder in an amount not to exceed	1 Apr 2003	\$11,700,000.00		V

H. RUS MORTGAGE, as of the date hereof, consists of:

<u>Instrument</u>	<u>Date</u>	<u>Mortgagees</u>
Mortgage and Security Agreement	01 Sep 1955	Government
Mortgage and Security Agreement	23 Jan 1968	Government
Supplemental Mortgage and Security Agreement	21 Dec 1971	Government, CFC
Supplement to Supplemental Mortgage and Security Agreement	28 Aug 1973	Government, CFC
Supplement to Supplemental Mortgage and Security Agreement	24 Feb 1976	Government, CFC
Supplement to Supplemental Mortgage and Security Agreement	01 Nov 1977	Government, CFC
Supplement to Supplemental Mortgage and Security Agreement	29 Apr 1980	Government, CFC
Supplement to Supplemental Mortgage and Security Agreement	31 Jan 1984	Government, CFC
Consolidated Mortgage and Security Agreement	21 Dec 1992	Government, CFC
Consolidated Mortgage and Security Agreement	28 Jun 1996	Government, CFC

I. MAXIMUM DEBT LIMIT: One Billion dollars (\$1,000,000.00).

J. RUS LOAN AGREEMENT (exclusive of amendments): dated as of August 31, 1955.

K. CURRENT RUS LOAN AGREEMENT: Letter Agreement designated and relating to the "AE8" FFB loan guaranteed by RUS.

L. "Contract of Guarantee", Note Purchase Commitment and Servicing Agreement, between the Federal Financing Bank and the Administrator of RUS dated as of January 1, 1992, as amended.

M. CFC LOAN AGREEMENTS:

<u>Designation</u>	<u>Date</u>
A-9001	October 29, 1971
C-9002	January 28, 1972
A-9003	May 25, 1972
A-9004	May 25, 1972
A-9005	January 12, 1973
C-9007	March 20, 1974
A-9020	April 29, 1980
	April 29, 1980
	October 1, 1993

N. CFC CLASS B FINANCING AGREEMENTS:

<u>Date</u>	<u>Issuer</u>	<u>Bonds</u>
01 Dec 1977	Louisa County, Iowa	Series 1977 PCB
01 Oct 1993	Louisa County, Iowa	Series 1993L PCB

O. CFC CLASS B GUARANTY AGREEMENTS:

<u>Designation</u>	<u>Date</u>	<u>Beneficiary</u>	<u>Bonds</u>
Guaranty, Assignment and Agency Agreement	01 Nov 1977	Morgan Guaranty Trust Company	Series 1977 PCB
Guaranty, Assignment and Agency Agreement	01 Oct 1993	Morgan Guaranty Trust Company	Series 1993L PCB

P. COBANK LOAN AGREEMENTS:

Master Loan Agreement, No. ML0745, dated as of May 2, 2000.

APPENDIX B

- (A) The electric generating plants and facilities and electric transmission and distribution lines and facilities and other property and property interests referred to in Paragraph I of the Granting Clause are located in the Counties of Adair, Adams, Audobon, Benton, Black Hawk, Boone, Buchanan, Cass, Cedar, Clarke, Clinton, Dallas, Decatur, Delaware, Des Moines, Dubuque, Fayette, Fremont, Greene, Guthrie, Hamilton, Iowa, Jackson, Jasper, Johnson, Jones, Keokuk, Linn, Louisa, Lucas, Madison, Mahaska, Marion, Marshall, Mills, Montgomery, Muscatine, Page, Polk, Pottawattamie, Poweshiek, Ringgold, Scott, Story, Tama, Union, Warren, Washington, Wayne, and Webster in the State of Iowa.
- (B) The other property referred to in Paragraph I of the Granting Clause includes the following:
- (1) (Wyoming Sub-Site) a certain tract or parcel of land situated in Jones County, Iowa, described in a certain deed, dated May 24, 1963, executed and delivered by George K. O'Brien and Mary Elizabeth O'Brien, his wife, as grantors, to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Jones County, Iowa, on October 31, 1963, in Deed Book 113, at page 627;
 - (2) (Wyoming Sub-Site) a certain tract or parcel of land situated in Jones County, Iowa, described in a certain deed, dated May 24, 1963, executed and delivered by Marquerite I. O'Brien, widow and unmarried, as grantor, to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Jones County, Iowa, on October 31, 1963, in Deed Book 113, at page 613;
 - (3) (Wyoming Sub-Site) a certain tract or parcel of land situated in Jones County, Iowa, described in a certain deed, dated May 24, 1963, executed and delivered by Betty Lee O'Brien, Administratrix of Estate of John J. O'Brien, as grantor, to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Jones County, Iowa, on October 31, 1963, in Deed Book 113, at page 334;
 - (4) (Anita Switching Station) a certain tract or parcel of land situated in Cass County, Iowa, described in a certain deed, dated March 28, 1962, executed and delivered by Bryon Rogler and Hazel Rogler, husband and wife, as grantors, to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Cass County, Iowa, on September 13, 1962, in Deed Book 384, at page 486;
 - (5) (Guthrie Sub-Site) a certain tract or parcel of land situated in Guthrie County, Iowa, described in a certain deed, dated July 19, 1960, executed and delivered by Boyd Kading and Maxine Kading, husband and wife, as grantors, to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Guthrie County, Iowa, on July 19, 1960, in Deed Book 101, at page 614;
 - (6) (Maquoketa Sub-Site) a certain tract or parcel of land situated in Jackson County, Iowa, described in a certain deed, dated September 24, 1962, executed and delivered by Clifford J. Knorr and Edna Knorr, husband and wife, as grantors, to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Jackson County, Iowa, on September 24, 1962, in Deed Book 99, at page 181;
 - (7) (Dundee Sub-Site) a certain tract or parcel of land situated in Delaware County, Iowa, described in a certain deed, dated June 2, 1958, executed and delivered by Allen F. Remling and Ruth J. Remling, husband and wife, as grantors, to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Delaware County, Iowa, on June 2, 1958, in Deed Book 80, at page 414;

- (8) (Wyoming Sub-Site) a certain tract or parcel of land situated in Jones County, Iowa, described in a certain deed, dated April 18, 1949, executed and delivered by W. A. Kent and Ivah M. Kent, husband and wife, as grantors, to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Jones County, Iowa, on April 19, 1949, in Deed Book 108, at page 146;
- (9) (Coggon Substation) a tract of land described as beginning at the Northeast corner of the Northeast quarter of the Northwest quarter (NW 1/4 NW 1/4) of Section 5 Township 86 North, Range 6 West of the 5th P.M., thence South 248 feet, thence West 175 feet, thence North 248 feet, thence East 175 feet to the point of beginning, containing 1 acre more or less located in Linn County;
- (10) (Bertram Sub-Site) all that certain tract or parcel of land, together with improvements thereon, described in a certain deed, dated September 8, 1969, executed and delivered by Fidelity Escrow Corporation, as grantor, to the Mortgagor Corporation, as grantee, and recorded on the 9th day of September, 1969, in the Office of the Recorder of Linn County, Iowa, in Book 1435, page 50;
- (11) (Palo Site) all that certain tract or parcel of land described in five certain Deeds dated July 31, 1975, executed and delivered by Iowa Land and Building Company, as grantors, to the Mortgagor, as grantee, conveying an undivided twenty (20) percent interest in and to certain property and recorded in the Office of the County Recorder of Linn County, Iowa, in Book 1656, at pp. 245, 249, 313, 253, 256;
- (12) (Grand Junction Sub-Site) all that certain tract or parcel of land described as follows: Beginning at a point 963 feet east and 33 feet south of the northwest corner of Section 16, Township 83 North, Range 29 West of the 5th P.M., Greene County, Iowa, thence East 150 feet, thence South 400 feet, thence West approximately 420 feet to a point 25 feet east of the east line of the M & St. L. Railroad right-of-way line, thence northerly parallel to and 25 feet east of said east line of said railroad right-of-way approximately 240 feet to the southwest corner of certain property now owned by the Central Iowa Power Cooperative, thence East approximately 273 feet to the southeast corner of said property of Central Iowa Power Cooperative, thence North 163 feet to the point of beginning, containing 2.65 acres, more or less;
- (13) (Grand Junction Sub-Site) all the certain tract or parcel of land described as follows: A tract of land described as being at a point seven hundred eighty-three (783) feet East and thirty-three (33) feet South of the Northwest Corner of Section Sixteen (16), Township Eighty-three (83) North, Range Twenty-nine (29) West of the 5th P.M., Greene County, Iowa, thence East one hundred eighty (180) feet, thence South one hundred sixty-three (163) feet, thence West approximately two hundred seventy-three (273) feet to a point twenty-five (25) feet East of the East line of the M & St. L. R.R. right-of-way, thence Northerly parallel to and twenty-five (25) feet East of said East line of said M. & St. L. R.R. right-of-way approximately eighty-five (85) feet to the Southwest corner of certain property now under lease to Greene County Rural Electric Cooperative, thence East one hundred (100) feet, thence North Eighty (80) feet to a place of beginning, containing one (1) acre, or less;
- (14) (Council Bluffs #3) all that certain tract or parcel of land described as follows:

All right, title and interest of the Mortgagor heretofore or hereafter acquired as tenant in common in and to a part of the NW-1/4 SW-1/4 and part of the NE-1/4 SW-1/4 of Section 30, township 74 North, Range 43 West of the 5th Principal Meridian, Pottawattamie County, Iowa, more fully described as follows:

Commencing at the Southwest corner of the NW-1/4 NW-1/4 of said Section 30: thence S0°01'53"E a distance of 125.68 feet; thence S23°46'08"E a distance of 1750.52 feet to the point of beginning, thence N66°13'52"E a distance of 199.50 feet; thence S66°13'52"W a distance of 360.0 feet; thence N23°46'08"W a distance of 726.50 feet; thence N66°13'52"E a distance of 160.50 feet to the point of the beginning.

NOTE: The West line of the NW-1/4 NW-1/4 of said section 30 is assumed to bear S0°02'53"E for this description.

- (15) (Nuclear Fuel Contract) All right, title and interest of the Mortgagor in and to the following described property:

A certain Declaration of Trust, dated August 15, 1975, executed by Iowa Power and Light Company ("Iowa Power") and delivered to Central Iowa Power Cooperative ("CIPCO"), whereby Iowa Power acknowledges and declares that Iowa Power holds for the sole benefit of CIPCO all rights, benefits and associated values, obligations and interests acquired by Iowa Power from the assignment to Iowa Power from Iowa Electric Light and Power Company ("Iowa Electric") of all of Iowa Electric's interest in a certain "Agreement for Furnishing Maximum Enrichment Services (Long Term, Fixed Commitment)," dated the 20th day of June, 1974, by and between the United States of America, as represented by the United States Energy Research and Development Administration and Iowa Electric (Commission Contract No. AT-(40-1)-4614) and;

All right, title and interest of the Mortgagor in and to any later agreements or supplements contracts or deeds or amendments thereto or to any other Declaration of Trust made after the date therefore created to carry out the purpose and intent of the Declaration of Trust.

- (16) (Greenfield Sub-Site) all that certain tract or parcel of land described as follows:

North 550 feet of the East 450 feet of the North 39 acres of the East one-half (E-1/2) of the East one-half (E-1/2) Northwest one-quarter of Section 36, Township 76 North, Range 32 West of the 5th P.M., Adair County, Iowa, containing 5.68 acres more or less described in a certain Deed dated May 12, 1972, executed and delivered by Paul and Anna Queck as grantors to the Mortgagor as grantee and recorded in the Office of the County Recorder of Adair County on May 12, 1972, at Book 216, Page 388;

- (17) (Peosta Sub-Site) a certain tract or parcel of land situated in Dubuque County, Iowa, described in a certain Deed dated September 2, 1976, executed and delivered by Edward J. Burds and Helen M. Burds, husband and wife, as grantors to the Mortgagor as grantee and recorded in the Office of the County Recorder of Dubuque County on September 14, 1976, at Book 8569, page 76;
- (18) (Grand River Sub-Site) a certain tract or parcel of land situated in Decatur County, Iowa, described in a certain Deed dated November 19, 1975, executed and delivered by Donald Van Corr and Merna Van Corr, husband and wife, as grantors to the Mortgagor as grantee and recorded in the Office of the County Recorder of Decatur County, State of Iowa, on November 19, 1975, in Deed Book 339, page 51;
- (19) (Anita Sub-Site) a certain tract or parcel of land situated in Cass County, Iowa, described in a certain Deed dated April 17, 1973, executed and delivered by Ella C. Enfield, Arnold L. Enfield, Shirley V. Enfield, Myron L. Enfield, Virginia Enfield, Forest V. Hoover, and Dorothy M. Hoover, as

grantors, to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Cass County, Iowa, on April 30, 1972, in Book 406, page 742;

- (20) (Web Sub-Site) a certain tract or parcel of land situated in Union County, Iowa, described in a certain Deed dated October 4, 1968, executed and delivered by Southwestern Federated Power Cooperative, Inc., as grantor to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Union County on November 25, 1968 at Book 367, page 312;
- (21) (Power Sub-Site) a certain tract or parcel of land situated in Union County, Iowa, described in a certain Deed dated October 4, 1968, executed and delivered by Southwestern Federated Power Cooperative, Inc., as grantor to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Union County on November 25, 1968 at Book 367, page 313;
- (22) (Rice Sub-Site) a certain tract or parcel of land situated in Union County, Iowa, described in a certain Deed dated October 4, 1968, executed and delivered by Southwestern Federated Power Cooperative, Inc., as grantor to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Union County on November 25, 1968 at Book 367, page 314;
- (23) (Villisca Sub-Site) a certain tract or parcel of land situated in Montgomery County, Iowa, described in a certain Deed dated October 4, 1968, executed and delivered by Southwestern Federated Power Cooperative, Inc., as grantor to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Montgomery County on November 25, 1968 at Book 58, page 370;
- (24) (Pumping Station) a certain tract or parcel of land situated in Union County, Iowa, described in a certain Deed dated October 4, 1968, executed and delivered by Southwestern Federated Power Cooperative, Inc., as grantor to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Union County on November 25, 1968 at Book 367, page 311;
- (25) (Lake) a certain tract or parcel of land situated in Union County, Iowa, described in a certain Deed dated October 4, 1968, executed and delivered by Southwestern Federated Power Cooperative, Inc., as grantor to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Union County on November 25, 1968 at Book 367, page 310;
- (26) (Hawks Lake Sub-Site) a certain tract or parcel of land situated in Union County, Iowa, described in a certain Deed dated October 4, 1968, executed and delivered by Southwestern Federated Power Cooperative, Inc., as grantor to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Union County on November 25, 1968 at Book 367, page 309;
- (27) (Murray Junction Switching) a certain tract or parcel of land situated in Clarke County, Iowa, described in a certain Deed dated October 4, 1968, executed and delivered by Southwestern Federated Power Cooperative, Inc., as grantor to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Clarke County on November 25, 1968 at Book 71, page 203;
- (28) (Osceola Sub-Site) a certain tract or parcel of land situated in Clarke County, Iowa, described in a certain Deed dated October 4, 1968, executed and delivered by Southwestern Federated Power Cooperative, Inc., as grantor to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Clarke County on November 25, 1968 at Book 71, page 204;

- (29) (Carbon Junction Sub-Site) a certain tract or parcel of land situated in Adams County, Iowa, described in a certain Deed dated October 4, 1968, executed and delivered by Southwestern Federated Power Cooperative, Inc., as grantor to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Adams County at Book 43, page 163;
- (30) (Woodburn Junction Sub-Site) a certain tract or parcel of land situated in Clarke County, Iowa, described in a certain Deed dated October 4, 1968, executed and delivered by Southwestern Federated Power Cooperative, Inc., as grantor to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Clarke County at Book 71, page 205;
- (31) (Boone Junction Sub-Site) The South 550 feet of the West 450 feet and the West 50 feet, except the South 550 feet therefore, of the Southeast Quarter (1/4) of the Northwest Quarter (1/4) of Section 18, Township 84 North, Range 25, West of the 5th P. M., Boone County, Iowa, described in a certain deed dated July 26, 1979, executed and delivered by Marius Anderson, single, as grantor, to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Boone County at Book 510, page 420;
- (32) (Winterset Sub-Site) a tract of land located in the Northeast Quarter (1/4) of the Southeast Quarter (1/4) of the Southeast Quarter (1/4) of Section Eight (8), Township Seventy-five (75) North, Range Twenty-seven (27) West of the 5th P. M., Madison County, Iowa, and more particularly described as follows: Commencing as a point of reference at the Southeast corner of said Section Eight (8); thence North (assumed for the purpose of this description only) 1023.3 feet more or less along the East line of said Southeast Quarter (1/4); thence West 106.27 feet to the point of beginning; thence West 295.16 feet; thence North 295.16 feet; thence East 295.16 feet; thence South 295.16 feet to the point of beginning, and containing 2 acres more or less, described in a certain deed dated October 15, 1979, executed and delivered by Terra properties, Inc., as grantor, to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Madison County, Iowa, in Book 109, page 362;
- (33) (Newport Transformation Station) a certain tract of land described in a warranty deed dated January 17, 1983, by Eastern Iowa Light and Power Cooperative, as grantor, to the Mortgagor, as grantee, and recorded in the Office of the Recorder of Louisa County in the State of Iowa, in Book 341 at page 611;
- (34) (Bennett Switching Station) a certain tract of land described in a warranty deed dated January 17, 1983, by Eastern Iowa Light and Power Cooperative, as grantor, to the Mortgagor, as grantee, and recorded in the Office of the Recorder of Cedar County in the State of Iowa, in Book 104 at page 152-153;
- (35) (Calamus Switching Station) a certain tract of land described in a warranty deed dated January 17, 1983, by Eastern Iowa Light and Power Cooperative, as grantor, to the Mortgagor, as grantee, and recorded in the Office of the Recorder of Clinton County in the State of Iowa, in Book 84 at page 3059;
- (36) (Grand Mound Switching Station) a certain tract of land described in a warranty deed dated January 17, 1983, by Eastern Iowa Light & Power Cooperative, as grantor, to the Mortgagor, as grantee, and recorded in the Office of the Recorder of Clinton County in the State of Iowa, in Book 84 at page 3060;

- (37) (Fairport Microwave Site) a certain tract of land described in a warranty deed dated January 17, 1983, by Eastern Iowa Light & Power Cooperative, as grantor, to the Mortgagor, as grantee, and recorded in the Office of the Recorder of Muscatine County in the State of Iowa, in Book 166 at page 650;
- (38) (Muscatine Switching Station) a certain tract of land described in a warranty deed dated January 17, 1983, by Eastern Iowa Light & Power Cooperative, as grantor, to the Mortgagor, as grantee, and recorded in the Office of the Recorder of Muscatine County in the State of Iowa, in Book 166 at page 656;
- (39) (Louisa Generating Station) An undivided 4.60 percent interest in the following described property in Louisa County, Iowa, to wit:

A parcel of land situated in that property described as the North half (N ½) of Section Nine (9), Township Seventy-five (75) North, Range Two (2) West of the Fifty (5th) Principal Meridian, Louisa County, Iowa. Said parcel of land is more particularly described as follows, to-wit:

Commence at the apparent Northwest (NW) Corner of said Section Nine (9); thence S 01°27'08" W a distance of one thousand three hundred twenty-nine and fifty-five one hundredths (1329.55) feet; thence continue S 89°12'37" E a distance of one thousand three hundred twenty-nine and forty-five one hundredths (1329.45) feet; thence continue S 89°12'37" E a distance of two hundred twenty (220) feet; thence S 01°28'31" W a distance of two hundred eighty (280) feet to a point, said point being the point of beginning for the parcel of land herein described; thence S 89°12'37" E a distance of five hundred twenty (520) feet; thence S 01°28'31" E a distance of one hundred twenty-five and five tenths (125.5) feet; thence S 89°12'37" E a distance of nine hundred ninety (990) feet; thence N 01°28'31" E a distance of seven hundred seventy-nine (779) feet; thence N 89°12'37" W a distance of nine hundred ninety (990) feet; thence N 01°28'31" E a distance of one hundred twenty-five and five tenths (125.5) feet; thence N 89°12'37" W a distance of five hundred twenty (520) feet; thence S 01°28'31" W a distance of one thousand thirty (1030) feet; to the point of beginning and there terminating. Containing thirty (30) acres, more or less, and, all rights and interest of Grantor in and under that certain Louisa Generating Station Agreement dated October 4, 1977.

- (40) (Liberty Substation) Lot 1 of the Subdivision of Lot 1 of 1 of the Northwest Quarter of the Northwest Quarter of Section 9, Township 89 North, Range 2 West of the 5th Principal Meridian according to the recorded plat thereof, subject to easements of record;

Lot 1 of 1 of the Subdivision of the Northeast Quarter of the Northeast Quarter of Section 8, Township 89 North, Range 2 West of the 5th Principal Meridian according to the recorded plat thereof and Lot 2 of the subdivision of the Northeast Quarter of the Northeast Quarter of Section 8, Township 89 North, Range 2 West of the 5th Principal Meridian according to the recorded plat thereof, subject to easements of record, all in Dubuque County, Iowa.

- (41) (Iowa Junction Sub-Site) A certain tract or parcel of land containing 3.62 acres, more or less, situated in Washington County, Iowa, described in a certain deed dated September 28, 1989, executed and delivered by Richard J. Lear and Rita J. Lear, husband and wife, as grantors, to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Washington County, Iowa, on September 28, 1989, in Deed Book 99, at page 379;

- (42) (Headquarters Office) A certain tract or parcel of land containing 28.4 acres, more or less, situated in Section 28, Township 83 North, Range 6 West of the 5th Principal Meridian in Linn County, Iowa;
- (43) (Creston Operation Office and Plant) A certain tract or parcel of land containing 160 acres, more or less, situated in the Northwest Quarter of Section 19, Township 73 North, Range 30 West of the 5th Principal Meridian in Union County, Iowa;
- (44) (Brooklyn Junction Sub-Site) a certain tract or parcel of land containing 4.6 acres, more or less, described in a certain deed dated September 16, 1994, executed and delivered by Shafbuch Farms, Inc., as grantors, to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Poweshiek County, Iowa, on September 22, 1994, in Deed Book 526, at page 379;
- (45) (Walcott 345 kV Switching Station) a certain tract or parcel of land situated in Section 14, Township 78 North, Range 1 East of the 5th Principal Meridian in Muscatine County being more particularly described as the North 1135.00 feet of the West 640.00 feet of the Northwest quarter of said Section 14; containing 16.6 acres, more or less, described in a certain deed dated July 21, 1995, executed and delivered by Florence V. Blank, as grantor, to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Muscatine County, Iowa, on August 21, 1995, in Deed Book 409, at page 155 and identified as file number 4361;
- (46) (Montpelier Station) a certain tract of land (77 N - 1E - Section 22 - 4-1/2 acres), described in a warranty deed dated January 5, 1957, by F. J. R. Kalal and Betty G. Kalal, husband and wife, as grantors, to the Mortgagor, as grantee, and recorded in the Office of the Recorder of Muscatine County, in the State of Iowa, Book of Lands 114, Page 131;
- A certain tract of land (77 N - 1E - Section 23 - Gov. Lot #4 - 21.9 acres), described in a warranty deed dated July 1, 1957, by the United States of America (Administrator of General Services) Earl H. Lund, Regional Director, Public Buildings Service, as grantor, to the Mortgagor, as grantee, and recorded in the Office of the Recorder of Muscatine County, in the State of Iowa, Book of Lands 116, Page 106;
- A certain tract of land (77 N - 1E - Section 22 and 23 - (Land Under Mississippi River), described in a warranty deed dated December 7, 1957, by the State of Iowa (State Land Office) Herschel G. Loveless, Governor, Melvin D. Synhorst, Secretary of State, as grantor, to the Mortgagor, as grantee, and recorded in the Office of the Recorder of Muscatine County, in the State of Iowa, Book of Lands 122, Page 295;
- (47) (Solon Junction Substation Site and access road area) a certain tract or parcel of land situated in Section 30, Township 81 North, Range 5 West of the 5th Principal Meridian in Johnson County being more particularly described as a part of the Southwest 1/4 of the Southeast 1/4 containing 5.77 acres, more or less, described in a certain deed dated October 11, 2001, executed and delivered by Lowell D. Batson representing Batson Farms Limited Partnership, as grantor, to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Johnson County, Iowa, on October 19, 2001, in Deed Book 3159, at page 68 and identified as file number 010925; and

- (48) (Mercer Junction Substation Site) a certain tract or parcel of land situated in Section 30, Township 71 North, Range 33 West of the 5th Principal Meridian in Adams County being more particularly described as a part of the Southeast 1/4 containing 6.57 acres, more or less, described in a certain deed dated December 18, 2001, executed and delivered by Keith A. Barker and Wilma J. Barker, as grantor, to the Mortgagor, as grantee, and recorded in the Office of the County Recorder of Adams County, Iowa, on January 10, 2002, in Deed Book 52, at page 597 and identified as file number 000030.

C. The accounts, contract rights and general intangibles referred to in Paragraph IV of the Granting Clause include, but are not limited to, the following:

1. WHOLESALE POWER CONTRACTS BETWEEN THE MORTGAGOR AND MEMBER COOPERATIVES

<u>Cooperative</u>	<u>Date of Amendment to Original Contract</u>
Marshall County Rural Electric Cooperative (Iowa 7 Marshall)	January 1, 1975 Supplemental Agreement - January 1, 1992
Eastern Iowa Light and Power Cooperative (Iowa 9 Scott)	January 1, 1975 Supplemental Agreement - January 1, 1992
Adams County Cooperative Electric Company (Iowa 19 Adams)	January 1, 1975 Supplemental Agreement - January 1, 1992
Guthrie County Rural Electric Cooperative Association (Iowa 21 Guthrie)	January 1, 1975 Supplemental Agreement - January 1, 1992
Maquoketa Valley Rural Electric Cooperative (Iowa 34 Jones)	January 1, 1975 Supplemental Agreement - January 1, 1992
Benton County Electric Cooperative Association (Iowa 39)	January 1, 1975 Supplemental Agreement - January 1, 1992
Pella Cooperative Electric Association (Iowa 40 Marion)	January 1, 1975 Supplemental Agreement - January 1, 1992
Linn County Rural Electric Cooperative Association (Iowa 53 Linn)	January 1, 1975 Supplemental Agreement - January 1, 1992
T.I.P. Rural Electric Cooperative Association (Iowa 56 Poweshiek)	January 1, 1975 Supplemental Agreement - January 1, 1992
Buchanan County Rural Electric Cooperative (Iowa 71)	January 1, 1975 Supplemental Agreement - January 1, 1992
Farmers Electric Cooperative, Inc. (Iowa 73 Adair)	January 1, 1975 Supplemental Agreement - January 1, 1992
Nyman Electric Cooperative, Inc. (Iowa 75 Montgomery)	January 1, 1975
Clarke Electric Cooperative, Inc. (Iowa 79 Clarke)	January 1, 1975

Rideta Electric Cooperative, Inc.
(Iowa 80 Ringgold)

January 1, 1975

Midland Power Cooperative
(Iowa 93 Midland)

January 1, 1975
Supplemental Agreement - February 1, 1992