

After Recording Return to

SULLIVAN & WARD, P.C.  
801 Grand Ave. - Suite 3500  
DES MOINES, IOWA 50309-2719

REA PROJECT DESIGNATION:

IOWA 83-AC62, TP5, TP6 and TP7 CEDAR RAPIDS

CONSOLIDATED MORTGAGE

AND

SECURITY AGREEMENT

Made By And Among

CENTRAL IOWA POWER COOPERATIVE,  
Mortgagor

and

UNITED STATES OF AMERICA,

and

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION,  
Mortgagees.

DATED AS OF JUNE 28, 1996

THIS INSTRUMENT GRANTS A SECURITY INTEREST IN A TRANSMITTING UTILITY. THE TYPES OF PROPERTY COVERED BY THIS INSTRUMENT ARE DESCRIBED ON PAGES 12-14.

THIS INSTRUMENT CONTAINS AN AFTER-ACQUIRED PROPERTY CLAUSE PROCEEDS AND PRODUCTS OF COLLATERAL ARE COVERED BY THIS INSTRUMENT. FUTURE ADVANCES AND FUTURE OBLIGATIONS ARE SECURED BY THIS INSTRUMENT.

THE ADDRESSES AND THE SIGNATURES OF THE PARTIES TO THIS INSTRUMENT ARE STATED ON PAGES 46, 48 AND 49.

THIS DOCUMENT WAS DRAFTED BY HELEN WYSKOCZKA, OFFICE OF THE GENERAL COUNSEL, UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C. 20250-1400.

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.

FILED NO. 370  
BOOK 166 PAGE 618  
96 AUG -6 PM 1:42  
MICHELLE UTSLER  
RECORDER  
MADISON COUNTY, IOWA

REC \$ 325.00  
AUC \$             
R.M.F. \$           

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**CONSOLIDATED MORTGAGE AND SECURITY AGREEMENT, dated as of June 28, 1996, made by and among CENTRAL IOWA POWER COOPERATIVE (hereinafter called the "Mortgagor"), a corporation existing under the laws of the State of Iowa, UNITED STATES OF AMERICA (hereinafter called the "Government") acting through the Administrator of the Rural Utilities Service (hereinafter called "RUS") successor to the Administrator of the Rural Electrification Administration (hereinafter called "REA"), and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (hereinafter called "CFC"), a corporation existing under the laws of the District of Columbia (the Government and CFC being hereinafter sometimes collectively called the "Mortgagees").**

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

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

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

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

**WHEREAS, the Mortgagor has heretofore duly authorized and executed, and delivered to CFC, or is about to duly authorize and execute, and deliver to CFC, the Current CFC Class C Notes (as hereinafter defined); and**

**WHEREAS, the Mortgagor, for value received, has heretofore duly authorized and executed, and delivered to the Government, or is about to duly authorize and execute, and deliver to the Government, the Current RUS Assumption Notes (as hereinafter defined) which evidence indebtedness of the Mortgagor incurred by the assumption by the Mortgagor of the indebtedness of a third party or parties owed to the Government created by a loan or loans made or guaranteed by the Government to such third party or parties; and**



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

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

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

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 and Security Agreement 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 of any state, the parties hereto desire that this Consolidated Mortgage and Security Agreement 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 and Security Agreement**

**WITNESSETH:**

**That the parties hereto do agree as follows:**

## ARTICLE I

### DEFINITIONS

In addition to the terms elsewhere defined in this Consolidated Mortgage and Security Agreement, 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 Uniform System of Accounts shall mean such Account Number included in the Uniform System of Accounts as in effect on the date hereof, or any other Account Number which may be thereafter 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.

**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 Class A 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 Class B Notes in accordance with Section 3.01 hereof.

**Additional CFC Class C 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 Class C 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 Class D Notes in accordance with Section 3.01 hereof.

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

**Additional Notes** shall mean Additional CFC 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 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 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 of 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 Current CFC Class A Assumption Notes, 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 C Noteholders** shall mean the holder or holders of any of the CFC Class C Notes.

**CFC Class C Notes** shall mean the Current CFC Class C Notes, the Outstanding CFC Class C Notes and the Additional CFC Class C 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-Coop Agreements** shall mean those certain agreements more particularly described in Appendix A hereto, executed by and between the Mortgagor and CFC; the Current CFC-Coop Agreement; any amendments or supplements to any of the preceding 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 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 7.04 hereof.

**CFC Notes** shall mean the CFC Class A Notes, the CFC Class B Notes, the CFC Class C Notes and the CFC 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 or CFC is conditioned upon the making of a loan, therein described, by the other lender.

**Contributions in Aid of Construction** shall mean an amount constituting the contributions in aid of construction to the Mortgagor determined in accordance with the Uniform System of Accounts and reported on RUS Form 12a.

**Coverage Ratios** shall have the meaning specified in Section 4.15 hereof.

**Current CFC Class C Notes** shall mean the note or notes more particularly described in Appendix A hereto, heretofore or about to be executed and delivered by the Mortgagor to CFC to evidence obligations of the mortgagor under the Current CFC-Coop Agreement.

**Current CFC-Coop Agreement** shall mean the agreement more particularly described in Appendix A hereto, executed by and between the Mortgagor and CFC.

**Current RUS Assumption Notes** shall mean the note or notes more particularly described in Appendix A hereto, heretofore or about to be executed and delivered by the Mortgagor to the Government to evidence indebtedness of the Mortgagor incurred by the assumption by the Mortgagor of the indebtedness of a third party or parties owed to the Government created by a loan or loans made or guaranteed to such third party or parties.

**Current RUS Loan Agreement** shall mean the agreement more particularly described in Appendix A hereto, executed by and between the Mortgagor and the Government.

**Current RUS Notes** shall mean the note or notes more particularly described in Appendix A hereto, heretofore or about to be executed and delivered by the Mortgagor to the Government to evidence indebtedness or obligations created by loans made or guaranteed by the Government pursuant to the Act and the RUS Loan Agreement.

**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 expense, 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 Uniform System of Accounts 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 and Subordinated Indebtedness.

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 Charged to Construction shall mean an amount constituting the interest charged to construction by the Mortgagor determined in accordance with the Uniform System of Accounts 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 the Uniform System of Accounts 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 theretofore 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 the Uniform System of Accounts 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 and CFC.

**Net Patronage Capital or Margins** shall mean an amount constituting the net patronage capital or margins of the Mortgagor determined in accordance with the Uniform System of Accounts and reported on RUS Form I2a.

**Note or Notes** shall mean one or more of the CFC Class A Notes, the CFC Class B Notes, the CFC Class C 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-Coop 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-Coop Agreements.

**Outstanding CFC Class C 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-Coop 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-Coop Agreements.

**Outstanding Notes** shall mean the Outstanding CFC Notes and the Outstanding RUS Notes.

**Outstanding RUS Notes** shall mean the note or notes more particularly described in Appendix A hereto, heretofore 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; liens for workmen's 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 workmen's 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, covenants, party wall agreements, conditions of record and other encumbrances (other than to secure the payment of money), none of which in the opinion of counsel to the Mortgagor is such as to interfere 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; any exceptions, reservations and other matters referred to in the description of the mortgaged 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 in the



opinion of counsel to the Mortgagor materially adversely affects or will affect 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.

**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 the Uniform System of Accounts and reported on RUS Form 12a.

**RUS** shall mean the Rural Utilities Service, an agency of the Government, successor to the Rural Electrification Administration.

**RUS Form 12a** shall mean the 12-93 revision (or the revision of any other date which may be specified) of such RUS 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 has heretofore and as it may hereafter be supplemented or amended, including, without limitation, the Current RUS Loan Agreement, 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, heretofore made by and among the Mortgagor, the Government, and CFC.

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

**Restricted Property** shall mean all properties of the Mortgagor other than automobiles, trucks, trailers, tractors, other vehicles (including, without limitation, aircraft and ships), office, garage and warehouse space and office equipment (including, without limitation, computers).

**Security Interest** shall have the meaning specified in Section 7.02 hereof.

**Subordinated Indebtedness** shall mean unsecured 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.

**Taxes** shall mean an amount constituting the taxes of the Mortgagor determined in accordance with the Uniform System of Accounts and reported on RUS Form 12a.

**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 the total of (i) Net Patronage Capital or Margins of the Mortgagor, and (ii) Interest on Long-Term Debt of the Mortgagor and dividing 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 excess 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 Long-Term Debt** shall mean an amount constituting the total long-term debt of the Mortgagor determined in accordance with the Uniform System of Accounts and reported on RUS Form 12a.

**Total Maintenance Expense** shall mean an amount constituting the total maintenance expense of the Mortgagor determined in accordance with the Uniform System of Accounts 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 the Uniform System of Accounts and reported on RUS Form 12a.

**Total Operating Expense** shall mean an amount constituting the total operating expense of the Mortgagor determined in accordance with the Uniform System of Accounts and reported on RUS Form 12a.

**Total Operating Revenues** shall mean an amount constituting the total operating revenues of the Mortgagor determined in accordance with the Uniform System of Accounts and reported on RUS Form 12a.

**Total Utility Plant** shall mean the amount constituting the total utility plant of the Mortgagor determined in accordance with the Uniform System of Accounts 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.

**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 state.

**Uniform System of Accounts** shall mean the Uniform System of Accounts prescribed by regulation or otherwise by RUS for its Electric Borrowers.

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

Accounting terms not referred to above are used in this Mortgage in accordance with the meanings given them in the Uniform System of Accounts or, failing provision therefor in said System, the meanings given them by generally accepted accounting practices. Any reference herein to "directors" or "board of directors" shall be deemed to mean "trustees" or "board of trustees", as the case may be.

## 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 and Security Agreement (the RUS Mortgage, as amended, supplemented and consolidated hereby, being hereinafter called "this Mortgage") as set forth herein.

**SECTION 2.02. Granting Clause.** In order to secure the payment of the principal of and interest on the Notes, according to their tenor and effect, and further to secure the due performance of the covenants, agreements and provisions contained in this Mortgage, the RUS Loan Agreement, and the CFC-Coop 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 and set over, and by these presents does hereby grant, bargain, sell, convey, warrant, assign, transfer, mortgage, pledge and set over,

unto the Mortgagees, and their respective assigns, 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 and in Counties contiguous to any of said Counties, 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, 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 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, allowances, privileges and permits heretofore 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 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 and to all other property, real or personal, tangible or intangible, of every kind, nature and description, 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;

Together with all rents, income, revenues, proceeds, products, profits 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, no automobiles, trucks, trailers, tractors or other vehicles (including, without limitation, aircraft or ships, if any) 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 RUS Loan Agreement and the CFC-Coop Agreements 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 and (2) execute and deliver to CFC one or more Additional CFC 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 hereof.

No Additional CFC 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, a CFC Class B Note, a CFC Class C Note or a CFC Class D Note shall be made by the Government at the time of such approval.

**SECTION 3.02. Supplemental Mortgages to Confirm Security.** The Mortgagor, when authorized by resolution or resolutions of its board of directors, may from time to time execute, acknowledge, deliver, record and file mortgages supplemental to this Mortgage, which thereafter shall form a part hereof, for the purpose of formally confirming this Mortgage as security for the Notes. Nothing herein contained shall require the execution and delivery by the Mortgagor of a supplemental mortgage in connection with the issuance hereunder or the securing hereby of Notes except as hereinafter provided in Section 4.13 hereof.

## 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 RUS Notes, the Outstanding CFC Class A Notes, the Outstanding CFC Class B Notes, the Outstanding CFC Class C Notes, the Outstanding CFC Class D Notes, the Current RUS Notes, the Current RUS Assumption Notes, the Current CFC Class C Notes, and this Mortgage, and to execute and deliver Additional Notes; all corporate action on its part for the execution and delivery of the Outstanding RUS Notes, the Outstanding CFC Class A Notes, the Outstanding CFC Class B Notes, the Outstanding CFC Class C Notes, the Outstanding CFC Class D Notes, the Current RUS Notes, the Current RUS Assumption Notes, the Current CFC Class C Notes, and this Mortgage has been duly and effectively taken; and the Outstanding RUS Notes, the Outstanding CFC Class A Notes, the Outstanding CFC Class B Notes, the Outstanding CFC Class C Notes, the Outstanding CFC Class D Notes, the Current RUS Notes, the Current RUS Assumption Notes, the Current CFC Class C Notes, 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.** 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.

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. 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-Coop Agreements set forth; provided, however, that (i) any prepayment of any of the CFC Notes shall be accompanied by a simultaneous 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 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-Coop 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. 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, 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) The Mortgagor will not, so long as any CFC Class A Notes shall remain unpaid and outstanding, (1) without the approval in writing 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, or (2) so consolidate or merge or permit any such merger or so acquire any such business or assets without the approval in writing of CFC unless the Corporation surviving such transaction shall have assumed the obligation for the Mortgagor under the Notes, the RUS Loan Agreement and the CFC-COOP Agreements and hereunder pursuant to an assumption agreement satisfactory as to compliance with the conditions of this Section 4.05 to both the Mortgagees and unless the Mortgagor and such other corporation, on a pro forma combined basis have (i) a Times Interest Earned Ratio (as hereinafter defined and hereinafter called "TIER") of not less than 1.0 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 (Equity to be computed in accordance with the provisions of Section 4.16 hereof) or (3) without the approval in writing of the Two-Thirds Noteholders, sell, lease or transfer (or make any agreement therefor) any capital asset, unless 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, 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 Uniform System of Accounts.

(c) The Mortgagor will not, after the CFC Class A Notes shall have been paid and discharged, (1) without the approval in writing 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 if such acquisition is analogous in purpose or effect to a merger or consolidation, or 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, or so consolidate or merge or permit any such merger or so acquire any such business or assets without the approval in writing of the Two-Thirds Noteholders unless the corporation surviving such transaction shall have assumed the payment of the Notes and the performance of the Mortgagor's covenants in this Mortgage, or (2) without the approval in writing of the Two-Thirds Noteholders, sell, lease or transfer (or make any agreement therefor) any capital asset, unless 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, 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 Uniform System of Accounts.

**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) The Mortgagor will cause the sum of the amount used during each period of 5 consecutive calendar years for maintenance, renewals and replacements of the Mortgaged Property and any available Maintenance Credit (as hereinbelow defined), to be at least equal to the lesser (hereinafter called the "Standard") of either (i) 10% of the result obtained by deducting from the amount of Operating Revenues

and Patronage Capital (as shown on Line 32 of RUS Informational Publication 201-1 for Power Supply Borrowers, as now in effect, with respect to each calendar year) of the Mortgagor for such 5-year period, the sum of operating expenses as shown on Lines 35, 36 and 37 of said RUS Informational Publication and Fixed Costs on Production Plant (Account Numbers 403.1, 408, 427, 924, 925, and 926, as shown on Lines 20, 21, 22 and 23 of RUS Form 12d, rev. 12/93, and the corresponding Accounts of RUS Forms 12c and 12f, rev. 12/95, as applicable) of the Mortgagor for such 5-year period, or (ii) 15% of the sum obtained by adding the amount charged to Depreciation and Amortization Expense (as shown on Line 47 of said RUS Informational Publication) and Maintenance Expense-Total (as shown on Line 42 of said RUS Informational Publication) of the Mortgagor for such 5-year period.

The term "Maintenance Credit" shall mean the sum of (1) the excess of the amount used in each period of 5 consecutive calendar years for maintenance, renewals and replacements over the Standard during such 5-year period and (2) the amount of such excesses from prior years, less amounts thereof previously utilized as permitted by this Section 4.06.

The term "Maintenance Deficit" shall mean the amount by which the Standard in each period of 5 consecutive calendar years exceeds the sum of (1) the amount applied during such 5-year period for maintenance, renewals and replacements and (2) the amount of any available Maintenance Credit.

The amount used for maintenance in each year shall be the amount shown for the Mortgagor for such year on Line 42 of said RUS Informational Publication 201-1, as now in effect, and the amounts used for renewals and replacements shall be based upon improvements and replacements of Utility Plant associated with retirements thereof, less net salvage value.

In furtherance of the covenant contained in this Subsection (b), the Mortgagor will, within 5 months after the close of the 5th complete calendar year after the year in which this Mortgage is executed and within 5 months after the end of each 5-year period following said 5th calendar year, furnish to the Mortgagees an Officer's Certificate, setting forth separately and in reasonable detail:

(1) The amount of Operating Revenues and Patronage Capital derived by the Mortgagor from the Mortgaged Property during the 5 preceding calendar years and the Mortgagor's Operation Expense-Total, Fixed Costs on Production Plant, Depreciation and Amortization Expense, and Maintenance Expense-Total for such 5-year period;

(2) The amounts used during such 5 preceding calendar years for maintenance, renewals and replacements of the Mortgaged Property;

(3) Any Maintenance Credit not theretofore utilized as permitted by this Section 4.06 and the computation thereof; and

(4) The resulting Maintenance Credit or Maintenance Deficit.

In case any such Officer's Certificate shows a Maintenance Deficit, the Mortgagor shall either (i) immediately apply an amount equal to the largest integral multiple of \$1,000 which equals or is less than the amount so determined to the prepayment of the Notes, pro rata according to the unpaid principal amounts thereof (such prepayments to be applied to such installments thereof as may be designated by the respective Noteholders at the time of any such prepayment), or (ii) immediately deposit the amount so determined in a bank or banks satisfactory to the Government and CFC to be held by such bank or banks in a Restricted Maintenance Fund in trust for the benefit of the Noteholders pursuant to a trust agreement satisfactory to the Government and CFC; provided, however, that at the direction or with the approval of the Government, the Mortgagor may cause funds held in such Restricted Maintenance Fund to be applied to the making of expenditures for maintenance, renewals and replacements of the Mortgaged Property; provided, further, however, that in the event that there shall have been a balance in said Restricted Maintenance Fund at the end of each of 2 such consecutive reporting periods, the Government may thereafter cause the funds held therein to be applied as provided in clause (i) above; and provided, further, however, that in the event of such a Maintenance Deficit, the Mortgagor may promptly cause to be made an inspection of the Mortgaged Property by a professional engineer satisfactory to the Government and may cause to be issued a report of such engineer, satisfactory in form and substance to the Government, stating the minimal aggregate amount which, in the judgment, of such professional engineer, is then needed for maintenance, renewals, and replacement of the Mortgaged Property in accordance with sound industry practices, and in the event such amount shall be less than such Maintenance Deficit, the maximum amount which the Mortgagor shall be required to apply to prepayment or to deposit in a Restricted Maintenance Fund pursuant to this paragraph shall in all events be the amount so stated by such professional engineer.

In case any such certificate shows a Maintenance Credit, the Mortgagor may withdraw the amount of such Maintenance Credit from said Restricted Maintenance Fund to the extent that there is an accumulated balance therein, and the Government, as agent of the Noteholders, shall in such case cause such withdrawal to be permitted.

The amount of any Maintenance Credit not utilized to reduce a Maintenance Deficit or so withdrawn from the Restricted Maintenance Fund shall be available until utilized for such purposes.

The Mortgagor agrees that it will, within 5 months after the close of each calendar year after the year in which this Mortgage is executed (other than during the year in which an Officer's Certificate is required to be furnished pursuant to the 5th paragraph of this Subsection (b)) furnish to the Mortgagees an Officer's Certificate, setting forth separately and in reasonable detail the amounts described in clauses (1) and (2) of said paragraph for the preceding calendar year; provided, however, that the foregoing requirements to furnish the Officer's Certificate pursuant to this paragraph and the 5th paragraph of this Subsection (b) shall not relieve the Mortgagor from any obligation to furnish any Officer's Certificate with respect to maintenance, renewals and replacement of the Mortgaged Property as previously required under the RUS Mortgage.

**SECTION 4.07. (a) Purchase of Property Free of Liens; Limitation on Long-Term Leases.** So long as any CFC Class A Notes shall remain unpaid and outstanding, except as specifically authorized in writing in advance by the Mortgagees, 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. The Mortgagor will not, without the approval in writing of both Mortgagees, 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 shall have been paid and discharged, subject in all events to the provisions of Section 4.02, and 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. After the CFC Class A Notes shall have been paid and discharged, the Mortgagor will not, without the approval in writing 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 following classes and amounts of insurance: (1) fidelity bonds covering each officer

and employee of the Mortgagor in not less than the following amounts, based on the estimated annual gross revenues of the Mortgaged Property:

<u>Annual Gross Revenue</u>	<u>Amount of Coverage</u>
Less than \$ 200,000	\$ 50,000
\$200,001 to 400,000	100,000
400,001 to 600,000	250,000
600,001 to 800,000	300,000
800,001 to 1,000,000	400,000
over 1,000,000	500,000

and each collection agent of the Mortgagor shall be included in such fidelity bonds for not less than \$2,500, or 10% of the highest amount collected annually by any one collection agent, whichever is greater; (2) workmen's compensation insurance covering all employees of the Mortgagor, in such amounts as may be required by law, or if the Mortgagor or any of its employees are not subject to the workmen's compensation laws of the state or states in which the Mortgagor conducts its operations, then its workmen's compensation policy shall provide voluntary compensation coverage to the same extent as though the Mortgagor and such employees were subject to such laws; such policy shall include occupational disease liability coverage, employee's liability insurance and "additional medical" coverage of not less than \$10,000 in states where full medical coverage is not required by law and if the employer's liability insurance is provided by a separate policy, such policy shall include the standard RUS endorsement waiving immunity from tort liability; (3) public liability and property damage liability insurance, covering ownership liability, and all operations of the Mortgagor, with limits for bodily injury or death of not less than \$1,000,000 for each occurrence and \$1,000,000 aggregate for the policy period and with limits for property damage of not less than \$1,000,000 for each occurrence and \$1,000,000 aggregate for the policy period; (4) liability insurance on all motor vehicles, trailers, semitrailers, and aircraft used in the conduct of the Mortgagor's business, whether owned, non-owned or hired by the Mortgagor, with bodily injury limits of not less than \$1,000,000 for one person and \$1,000,000 for each occurrence, and with property damage limits of \$1,000,000 for each occurrence; in connection with aircraft liability, also passenger bodily injury limits of \$1,000,000 per person and \$1,000,000 for each occurrence; (5) comprehensive, or separate fire, theft and windstorm insurance covering loss of or damage to all owned motor vehicles, trailers, and aircraft of the Mortgagor, having a unit value in excess of \$1,000 in an amount not less than the actual cash value of the property insured; (6) fire and extended coverage insurance, designating the Government and CFC as mortgagees in the policy, on each building and its contents, and on any other property of the Mortgagor, other than power lines and other distribution facilities, including, without limitation, property situated in each storage location or materials and supplies, poles

and crossarms, owned by the Mortgagor, having a value at any one location in excess of \$5,000, or in excess of 1% of the total plant value, whichever is larger, and in an amount not less than 80% of the current cost to replace the property new, less actual depreciation; and (7) boiler and machinery insurance, if the Mortgaged Property includes electric generating facilities and machinery insurance if the Mortgaged Property includes internal combustion, gas turbine or hydro-generating facilities, in an amount for each accident not less than the actual current cash value of the property of the Mortgagor and of other adjacent property that could be damaged thereby.

The Mortgagor will also, from time to time, increase or supplement the classes and amounts of insurance specified above to the extent requested by the Government or the Majority Noteholders or required to conform to the accepted practice of companies of the size and character of the Mortgagor. The Mortgagor will, upon request of any of the Mortgagees, submit to the Mortgagees a schedule of its insurance in effect on the date specified in such request and copies of any policies or contracts relating thereto.

The foregoing insurance coverage shall be obtained by means of bond and policy forms approved by regulatory authorities, 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 90 days after written notice to the Mortgagees of cancellation.

(b) In the event of damage to or the destruction or loss of any portion of the Mortgaged Property which shall be covered by insurance, unless the Government and, so long as any CFC Class A Note shall remain unpaid and outstanding, CFC 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 and, so long as any CFC Class A Notes shall remain unpaid and outstanding, 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.

So long as any CFC Class A Notes shall remain unpaid and outstanding, sums recovered under any fidelity bond by the Mortgagor for a loss of funds advanced under the Notes or recovered by a Mortgagee for any loss under such bond shall, unless otherwise directed by the Government and by 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 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.

When the CFC Class A Notes shall have been paid and discharged, sums recovered under any fidelity bond by the Mortgagor for a loss of funds advanced under the Notes or recovered by a Mortgagee 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 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, which will become part of the Mortgaged Property.

**SECTION 4.09. Mortgagee 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.** So long as any CFC Class A Notes shall 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 other 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.

After the CFC Class A Notes shall 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 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 other 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.** 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, in accordance with the methods and principles of accounting prescribed in the Uniform System of Accounts. 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, so long as any CFC Class A Notes shall remain unpaid and outstanding, to CFC, 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. Each Mortgagee, through its representatives, shall at all times during reasonable business hours have access to, and the right to inspect and make copies of, any or all books, records and accounts, and any or all in voices, 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.

**SECTION 4.13. Further Assurances to Confirm Security of Mortgage; When Vehicles Are to be Made Subject to Mortgage Lien.** (a) 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 and supplemental indentures of mortgage, deeds of trust, mortgages, financing statements, continuation statements, security agreements, instruments and 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, continuation statement and every additional instrument which shall be

executed pursuant to the foregoing provisions forthwith upon execution to be recorded and filed and rerecorded and refiled as conveyances and mortgages and deeds of trust of 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 superior lien of this Mortgage and all supplemental indentures of mortgage, mortgages and deeds of trust and the rights and remedies of the Mortgagees and the Noteholders.

(b) In the event that the Mortgagor suffers in the future a deficit in net income, as determined in accordance with methods of accounting prescribed in Section 4.12 hereof, for any fiscal year while any of the Notes are outstanding, the Mortgagor will at any time or times upon written demand of the Government or CFC 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 the Government or CFC 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, 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 or CFC, such vehicles, 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 and implement rates for electric 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, and (iii) to maintain, on an annual basis the Coverage Ratios.

(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 Coverage Ratios achieved by the Mortgagor in the two best years out of the three 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 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 Coverage Ratios on a timely basis.

**SECTION 4.16. Limitations on Dividends, Patronage Refunds and Other Cash Distributions.** So long as any CFC Class A Notes shall 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 40% of its total assets and other debits; provided however, that the Mortgagor may nevertheless make distributions in any year up to 25% of the patronage capital and margins received by the Mortgagor in the next preceding year where after giving effect to any such distribution the total Equity of the Mortgagor will equal or exceed 20% of its total assets and other debits, 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.

The Mortgagor will not, in any one 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 (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 40% of its total assets and other debits; provided, however, that the Mortgagor may nevertheless make distributions in any year up to 25% of the Patronage Capital or Margins received by the Mortgagor in the next preceding year where, after giving effect to any such distribution, the total Equity of the Mortgagor will equal or exceed 20% of its total assets and other debits, 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 and CFC 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; and fourth, to the ratable payment of any and all other accounts payable under the Notes; and fifth, 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 Uniform System of Accounts 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.** The Mortgagor will not at any time employ, or enter into any contract for the employment of, any general manager of the Mortgagor's system or any person exercising comparable authority to such a manager, unless such employment or such contract shall first have been approved by the Government. If, during such periods as the Mortgagor shall be in default in the making of payment or payments of principal of or interest on one or more of the Notes or otherwise be in default hereunder, the Government shall at any time give notice to the Mortgagor that in its opinion such system is not being efficiently operated and shall request the termination of the

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employment of any such manager or 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 and CFC-Coop Agreements; Notice of Amendments to, and Defaults under, RUS Loan Agreement, CFC-Coop Agreements and Certain Other 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 and CFC-Coop 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 the RUS Loan Agreement or the CFC-Coop Agreements, and of the occurrence of any event of default under the RUS Loan Agreement or the CFC-Coop Agreements, and, so long as any of the CFC Notes shall remain unpaid and outstanding, of any amendment or modification of this Mortgage, the CFC Financing Agreements or the CFC Guaranty Agreements, and of the occurrence of any event of 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 or the CFC-Coop Agreements, the terms of this Mortgage shall govern.

**SECTION 4.20. Notice of Change in Place of Business.** The Mortgagor will promptly notify the Mortgagees in writing of any change in location of its chief place of business or the office where its records concerning accounts and contract rights are kept.

**SECTION 4.21. 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 the Government or CFC, deliver to such Mortgagee evidence satisfactory to such Mortgagee of the obtaining of such rights of way, easements or releases.

**SECTION 4.22. Limitations on Loans, Investments and Other Obligations.** So long as any CFC Class A Notes shall remain 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) Capital Term Certificates or other securities of CFC, (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 December 21, 1971, 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 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.

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) Capital Term Certificates or other securities of CFC, (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 December 21, 1971, 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 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 4.23. When Rights of Government to Vest in CFC; When Rights of CFC to Vest in Government.** If all the RUS Notes have been paid and discharged while any of the CFC 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 the CFC and the holders of the CFC 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 the 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. The 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 4.23.



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**SECTION 4.24. 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 Subsection (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, that is to say:

(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 or the CFC-Coop Agreements or in any certificate delivered hereunder or thereunder shall prove to have been incorrect or untrue in any material respect;

(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, 4.10, 4.16, and 4.22 hereof;

(d) default shall be made in the due observance or performance of any other of the covenants, conditions or agreements (other than those contained in Section 4.24(a) hereof,) on the part of the Mortgagor, in any of the 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;

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(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) after the CFC Class A Notes shall have been paid and discharged, 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) 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 4.25 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, (i) if any CFC Class A Notes shall be at the time unpaid and outstanding, be exercised and enforced by CFC, as the holder of such CFC Class A Notes, or (ii) if any CFC Class C Note or CFC Class D Note shall be at the time unpaid and outstanding, be exercised and enforced by the 25% Noteholders on behalf of all the Noteholders. Except as otherwise provided in the first sentence of this Section 5.02(a), 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 Majority Noteholders on behalf of all the Noteholders.

(b) After, and only after, all CFC Class A Notes shall have been paid and discharged, notwithstanding the remedial rights of the Government provided for in Section 5.01 hereof, and of the 25% Noteholders and the Majority Noteholders provided for in Section 5.02(a) 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 4.24(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) If, in 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, to exercise any right or remedy described in Section 5.01 hereof (i) immediately upon the Government's exercise of any right or remedy hereunder, or (ii) 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.

(4) 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 the 5th and 9th paragraphs of Section 4.06(b) hereof, 2nd paragraph of Section 4.08(b) hereof, Sections 4.12, 4.13, 4.15, 4.17, 4.19, 4.20 and 4.24(a) hereof, Section 5.03 hereof, and Section 7.08 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 7.09 hereof.

(5) 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.

(6) 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(b).

(c) After, and only after, all CFC Class A Notes shall have been paid and discharged, notwithstanding the remedial rights of the Government provided for in Section 5.01 hereof, and of the 25% Noteholders and the Majority Noteholders provided for in Section 5.02(a) hereof, and of CFC and the CFC Class C Noteholders provided for in Section 5.02(d) hereof, so long as any of the CFC Class D Notes shall be unpaid and outstanding:

(1) 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, immediately upon the happening of an Event or Events of Default and notwithstanding any action taken by the Government thereunder or otherwise, to exercise any right or remedy herein or by law conferred.

(2) Nothing in this Mortgage contained 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 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.

(d) Notwithstanding the remedial rights of the Government provided for in Section 5.01 hereof, of the 25% Noteholders and the Majority Noteholders provided for in Section 5.02(a) hereof, and of the CFC Class D Noteholders provided for in Section 5.02(c) hereof, and of CFC and the CFC Class B Noteholders provided for in Section 5.02(b) hereof, so long as any of the CFC Class C 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 C 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) 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, immediately upon the happening of an Event or Events of Default and notwithstanding any action taken by the Government thereunder or otherwise, to exercise any right or remedy herein or by law conferred.

(3) Nothing in this Mortgage contained shall affect or impair the right, which is absolute and unconditional, of any CFC Class C Noteholder to enforce the payment of the principal of, premium, if any, or interest on the CFC Class C Note or Notes held by such CFC Class C 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 C Noteholder shall be effective unless pursuant to this Section 5.02(c).

**SECTION 5.03. Notice to Mortgagees of Event of Default.** The Mortgagor covenants that it will give immediate written notice to 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; and 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 any holder of a Note other than an 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 § 3302(b) or 31 United States Code Annotated § 3302(c).

**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 Noteholder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any holder thereof, or to authorize the Mortgagees to vote in respect of the claim of any Noteholder in any such proceeding.



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**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 and the CFC-Coop Agreements, as amended from time to time, 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 each of the parties hereto that prior to the release of property from the lien of this Mortgage all electric generating plants and 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, 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-described property, shall be deemed to be real property.

**SECTION 7.02. Mortgage to Bind and Benefit Successors and Assigns; CFC May Not 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 7.10 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 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") (i) by CFC of any of the CFC Class B Notes pursuant to the CFC Class B Guaranty Agreements; or (ii) by CFC of any CFC Class A Notes, any CFC Class C Notes or any CFC Class D Notes any right or power of CFC or the CFC Class A Noteholders, the CFC Class C 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 and the CFC Class A Noteholders, the CFC Class C Noteholders or the CFC Class D Noteholders under the CFC Class A Notes, the CFC Class C Notes or the CFC Class D Notes and this Mortgage shall be exercised by the holders thereof or CFC unless and

until a default by the 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.

**SECTION 7.03. Consent of CFC Not Required for Certain Amendments to Mortgage.** Notwithstanding any other provisions of this Mortgage, if and when all CFC Class A Notes and the CFC Class C Notes and the CFC Class D Notes have been paid and discharged, the consent of CFC or any CFC Class B Noteholder 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 of covenant 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;

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

**SECTION 7.04. When CFC Guaranty Notes Are Deemed to be Unpaid and Outstanding; Determination of Amounts Unpaid and Outstanding under CFC Guaranty Notes.** With respect to any CFC Note which evidences an obligation of the Mortgagor, pursuant to a CFC-Coop 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-Coop Agreement. 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



**SECTION 7.08. Mortgage Deemed Security Agreement.** To the extent that any of the property described or referred to in this Mortgage is governed by the provisions of the Uniform Commercial Code, this Mortgage is hereby deemed a "security agreement" under the Uniform Commercial Code, and a "financing statement" under the Uniform Commercial Code for said security agreement. The mailing addresses of the Mortgagor as debtor, and of the Mortgagees as secured parties, are as set forth in Section 7.06 hereof.

**SECTION 7.09. 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 powers and duties hereunder. For such reimbursement and indemnity, the Mortgagees 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.

**SECTION 7.10. 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 7.11. 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.

**SECTION 7.12. Conditions to Current CFC Class C Notes Being Secured Under this Mortgage.** If the Current CFC Class C Note, in the principal amount of \$6,780,000, has not been executed and delivered by October 31, 1996, such note shall not be entitled to security hereunder unless thereafter approved in writing by RUS as provided for in Section 3.01 hereof.

IN WITNESS WHEREOF, CENTRAL IOWA POWER COOPERATIVE, as Mortgagor, has caused this Consolidated Mortgage and Security Agreement to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers hereunto duly authorized, UNITED STATES OF AMERICA, as Mortgagee, has caused this consolidated Mortgage and Security Agreement to be duly executed in its behalf, and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, as Mortgagee, has caused this Consolidated Mortgage and Security Agreement to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers thereunto duly authorized, all as of the day and year first above written.

CENTRAL IOWA POWER COOPERATIVE

by

*Dale R. Newman*  
Dale R. Newman  
President

(Seal)

Attest:

*Eldo H. Meyer*  
Eldo H. Meyer  
Secretary

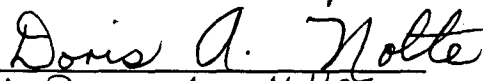
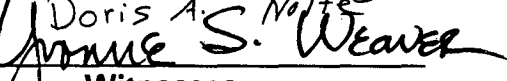
Executed by the Mortgagor  
in the presence of:

*Julia Kalm*  
*Deborah J. Gallagher*  
Witnesses  
Deborah J. Gallagher

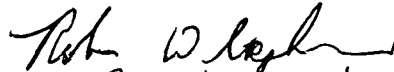
UNITED STATES OF AMERICA

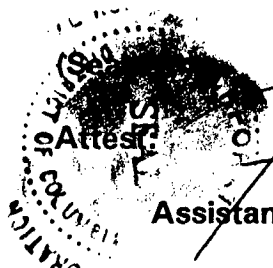
by  Wally Beyer  
Administrator  
of the  
Rural Utilities Service

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

  
Doris A. Nolte  
  
Yvonne S. Weaver  
Witnesses  
Yvonne S. Weaver

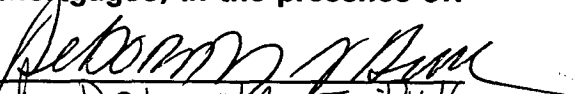
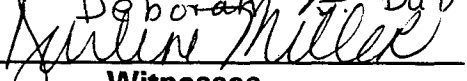
NATIONAL RURAL UTILITIES COOPERATIVE  
FINANCE CORPORATION

by   
for Robert D. Stephens  
Governor



  
Fred Parker  
Assistant Secretary-Treasurer

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

  
Deborah F. Duv  
  
Darlene Miller  
Witnesses  
Darlene Miller




STATE OF IOWA )  
 ) SS  
COUNTY OF LINN )

On this 28th day of June, 1996, before me appeared Dale R. Newman and Eldo H. Meyer, to me personally known, who, being by me duly sworn, did say that they are the President and Secretary, respectively, of CENTRAL IOWA POWER COOPERATIVE (hereinafter called the "Corporation"), that the seal affixed to the foregoing instrument is the corporate seal of the Corporation, and that said instrument was executed in behalf of the Corporation by authority of its board of directors; and said Dale R. Newman and Eldo H. Meyer acknowledged said instrument to be the free act and deed of the Corporation.

I hereby certify that said instrument was executed in my presence and in the presence of the subscribing witnesses aforesaid.



  
\_\_\_\_\_  
John T. Ward, Notary Public

My Commission expires: 6-20-97





APPENDIX A

A. OUTSTANDING RUS NOTES:

<u>Note Designation</u>	<u>Note Date</u>	<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
Y9	6/26/84	\$ 1,648,000.00	6/26/19	
V4	3/24/80	8,469,000.00	4/30/20	
X4	6/21/79	5,000,000.00	6/21/14	
W4	7/25/78	1,975,000.00	7/25/13	
S4	7/25/78	3,425,000.00	7/25/13	
R4	8/31/76	6,080,000.00	8/31/11	
T4	10/28/75	500,000.00	10/28/10	
N4#4,P4	6/25/74	10,767,000.00	6/25/09	
N4#3	1/29/74	6,622,000.00	1/29/09	
N4#2	11/27/73	3,000,000.00	11/27/08	
N4#1	6/26/73	5,000,000.00	6/26/08	
L#3	7/25/72	7,000,000.00	7/25/07	
M#2	5/30/72	3,797,000.00	5/30/07	
L#2	2/11/72	3,415,000.00	2/11/07	
H#2	2/11/72	2,607,000.00	2/11/07	
L#1	3/23/71	5,000,000.00	3/23/06	
H#1	12/22/70	468,000.00	12/22/05	
G#4	12/22/70	862,000.00	12/22/05	
K	8/18/70	5,000,000.00	8/18/05	
G#3	6/10/70	138,000.00	6/10/05	
TA1#1 (IA 81)	6/10/70	862,000.00	6/10/05	
G#2	6/27/69	1,000,000.00	6/27/04	
TP1#6 (IA 81)	9/30/68	329,952.48	1/4/03	
TP1#5 (IA 81)	9/30/68	749,006.93	9/12/01	
TP1#4 (IA 81)	9/30/68	1,117,261.22	4/1/95	
G#1	7/3/63	2,400,000.00	7/5/98	
TA1#2 (IA 81)	12/22/70	670,047.52	12/22/05	
AB12 (FFB)	12/21/92	36,338,000.00	12/31/14	5%
AB12 (RUS)	12/21/92	13,059,000.00	12/21/27	variable
AB12 (REIMB.)	12/21/92	DETERMINED	ON DEMAND	
		WHEN ADVANCES MADE		
TP	1/01/82	257,288.43	9/10/98	2%
TP	1/01/82	281,350.29	1/28/03	2%
TP	1/01/82	1,612,344.13	1/18/06	2%
TP	1/01/82	3,439,375.24	5/17/11	5%
TP	1/01/82	13,612.16	2/16/16	5%
TP & TA	1/01/82	1,402,182.37	12/21/16	5%

**B. CURRENT RUS NOTES:**

<u>Note Designation</u>	<u>Note Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Final Payment Date</u>
AC62	Of even date herewith	\$32,000,000	variable	34 years from the date thereof
AC62	Of even date herewith	\$15,820,000	variable	35 years from the date thereof
AC62 (Reimbursement Note)	Of even date herewith herewith	determined when advances made	variable	on demand

**C. CURRENT RUS ASSUMPTION NOTES:**

<u>Note Designation</u>	<u>Note Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Final Payment Date</u>
Iowa 83-TP7	4/01/96	\$36,398,412.22	variable	12/31/2019
Iowa 83-TP5	3/31/95	\$990,125.45	2%	8/21/07
Iowa 83-TP6	3/31/95	\$2,151,519.40	5%	6/20/12

**D. OUTSTANDING CFC CLASS A NOTES:**

<u>Note Designation</u>	<u>Note Date</u>	<u>Principal Amount</u>	<u>Final Payment Date</u>
A-9001	12/21/71	\$5,000,000	3/21/07
C-9002	4/18/72	1,266,000	7/18/07
A-9003	8/29/72	3,190,000	8/29/07
A-9004	10/31/72	2,610,000	1/31/08
A-9005	1/18/73	2,800,000	4/18/08
C-9007	5/28/74	47,672	5/28/09

**E. OUTSTANDING CFC CLASS B NOTES:**

<u>Note Designation</u>	<u>Note Date</u>	<u>Principal Amount</u>	<u>Final Payment Date</u>
Project Note (1977 Series)	12/1/77	\$3,150,000	12/1/07
Guaranty Note (1977 Series)	12/1/77	determined when advances made	on demand
Project Note (Pooled Series 1993 L)	10/1/93	\$2,560,000	12/15/03
Guaranty Note (Pooled Series 1993 L)	10/1/93	determined when advances made	on demand

**F. OUTSTANDING CFC CLASS C NOTES:**

<u>Note Designation</u>	<u>Note Date</u>	<u>Principal Amount</u>	<u>Final Payment Date</u>
C-9021	12/21/92	\$ 87,413	12/21/16
C-9025	12/21/92	5,769,072	12/21/17
C-9026	12/21/92	437,066	12/21/16

**G. OUTSTANDING CFC CLASS D NOTES**

<u>Note Designation</u>	<u>Note Date</u>	<u>Principal Amount</u>	<u>Final Payment Date</u>
A-9020	4/29/80	\$9,210,526	4/29/15

H. CURRENT CFC CLASS C NOTES:

<u>Note Designation</u>	<u>Note Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Final Payment Date</u>
C-9029	of even date herewith	\$6,780,000	variable	35 years from the date hereof

I. RUS MORTGAGE:

<u>Instrument</u>	<u>Date</u>	<u>Mortgagees</u>
Mortgage and Security Agreement	9/1/55	Government
Mortgage and Security Agreement	1/23/68	Government
Supplemental Mortgage and Security Agreement	12/21/71	Government, CFC
Supplement to Supplemental Mortgage and Security Agreement	8/28/73	Government, CFC
Supplement to Supplemental Mortgage and Security Agreement	2/24/76	Government, CFC
Supplement to Supplemental Mortgage and Security Agreement	11/1/77	Government, CFC
Supplement to Supplemental Mortgage and Security Agreement	4/29/80	Government, CFC
Supplement to Supplemental Mortgage and Security Agreement	1/31/84	Government, CFC

<b>Consolidated Mortgage and Security Agreement</b>	<b>12/21/92</b>	<b>Government, CFC</b>
<b>Amendment to Consolidated Mortgage and Security Agreement</b>	<b>3/22/94</b>	<b>Government, CFC</b>

**J. MAXIMUM DEBT LIMIT: One billion dollars (\$1,000,000,000).**

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

**L. CURRENT RUS LOAN AGREEMENT: dated as of September 30, 1995.**

**M. CFC-COOP AGREEMENTS:**

**Date**

- October 29, 1971**
- January 28, 1972**
- May 25, 1972**
- January 12, 1973**
- January 18, 1973**
- March 20, 1974**
- October 15, 1977**
- April 29, 1980**
- December 21, 1992**
- October 1, 1993**

**N. CURRENT CFC-COOP AGREEMENT:**

**Date**

**of even date hereof**

**O. CFC CLASS B FINANCING AGREEMENTS:**

<u>Date</u>	<u>Issuer</u>	<u>Bonds</u>
12/1/77	Louisa County, Iowa	1977
10/1/93	Louisa County, Iowa	1993 L

**P. CFC CLASS B GUARANTY AGREEMENTS:**

<u>Date</u>	<u>Beneficiary</u>	<u>Bonds</u>
11/1/77	Morgan Guaranty Trust Company	1977
10/1/93	Morgan Guaranty Trust Company	1993 L



## APPENDIX B

- (a) The existing Electric Facilities are located in the Counties of Adair, Adams, Audubon, 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 property referred to in the last two lines of 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 Marguerite I. O'Brien, widow and unmarried, as grantor, to the Mortgagor as grantee, and recorded in the Office of 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 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 Byron Rogler and Hazel Rogler, husband and wife, as grantors, to the Mortgagor, as grantee and recorded in the Office of 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, State of 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 the County of Delaware, 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 (NE 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 all 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; and
- (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 eight-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°02'53" 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 thereof 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) (Webb 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 of 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 on 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 thereof, 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), in 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 at 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.

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- (33) (Newport Transformation 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 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 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 3060.
- (37) (Fairport Microwave Site) 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 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 and 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 1/2) of Section Nine (9), Township Seventy-five (75) North, Range Two (2) West of the Fifth (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 Operations 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.



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- (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 (77N - 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 grantor, to the mortgagor, as grantee and recorded in the Office of the Recorder in Muscatine County, in the State of Iowa, Book of Lands 114, Page 131.

A certain tract of land (77N - 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 in Muscatine County, in the State of Iowa in Book of Lands 116, Page 106.

A certain tract of land (77N - 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 in Muscatine County, in the State of Iowa, Book of Lands 122, Page 295.

- (47) All works, structures, erections, buildings and improvements now or hereafter located on any of said tracts of parcels of land and all tenements, easements, hereditaments and appurtenances now or hereafter thereunto belonging or appertaining.

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:

(i) THE WHOLESALE POWER CONTRACTS

Wholesale Power Contract by and between Central Iowa Power Cooperative and Marshall County Rural Electric Cooperative dated as of January 1, 1975, as amended. (IA 7)

Wholesale Power Contract by and between Central Iowa Power Cooperative and Eastern Iowa Light and Power Cooperative dated as of January 1, 1982, as amended. (IA 9)

Wholesale Power Contract by and between Central Iowa Power Cooperative and Adams County Cooperative Electric Company dated as of January 1, 1975, as amended. (IA 19)

Wholesale Power Contract by and between Central Iowa Power Cooperative and Guthrie County Rural Electric Cooperative Association dated as of January 1, 1975, as amended. (IA 21)

Wholesale Power Contract by and between Central Iowa Power Cooperative and Maquoketa Valley Rural Electric Cooperative dated as of January 1, 1975, as amended. (IA 34)

Wholesale Power Contract by and between Central Iowa Power Cooperative and Benton County Electric Cooperative Association dated as of January 1, 1975, as amended. (IA 39)

Wholesale Power Contract by and between Central Iowa Power Cooperative and Pella Cooperative Electric Association dated as of January 1, 1975, as amended. (IA 40)

Wholesale Power Contract by and between Central Iowa Power Cooperative and Linn County Rural Electric Cooperative Association, dated as of January 1, 1975, as amended. (IA 53)

Wholesale Power Contract by and between Central Iowa Power Cooperative and T.I.P. Rural Electric Cooperative Association dated as of January 1, 1975, as amended. (IA 56)

Wholesale Power Contract by and between Central Iowa Power Cooperative and Buchanan County Rural Electric Cooperative dated as of January 1, 1975, as amended. (IA 71)

**Wholesale Power Contract by and between Central Iowa Power Cooperative and Farmers Electric Cooperative, Inc. dated as of January 1, 1975, as amended. (IA 73)**

**Wholesale Power Contract by and between Central Iowa Power Cooperative and Nyman Electric Cooperative, Inc. dated as of January 1, 1975, as amended. (IA 75)**

**Wholesale Power Contract by and between Central Iowa Power Cooperative and Clarke Electric Cooperative, Inc. dated as of January 1, 1975, as amended. (IA 79)**

**Wholesale Power Contract by and between Central Iowa Power Cooperative and Rideta Electric Cooperative, Inc. dated as of January 1, 1975, as amended. (IA 80)**

**Wholesale Power Contract by and between Central Iowa Power Cooperative and Midland Power Cooperative dated February 26, 1992, as amended. (IA 93)**