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Sulphur Springs Valley Electric Cooperative, Inc.

A Touchstone Energy® Cooperative



311 E. Wilcox, Sierra Vista AZ 85635

June 6, 2011

Arizona Corporation Commission
Docket Control
1200 W. Washington
Phoenix, AZ 85007

Subject: Sulphur Springs Valley Electric Cooperative, Inc.
Order No. 72237/ Compliance
Docket E-01575A-10-0311

Dear Sirs,

To comply with Order No. 72237, I have enclosed 14 copies of the loan documents executed by Sulphur Springs Valley Electric Cooperative, Inc. and the National Rural Utilities Cooperative Finance Corporation ("CFC") and CoBank, ACB ("CoBank"). These are:

1. CFC Loan Agreement
2. CFC Promissory Note
3. CoBank Master Loan Agreement
4. CoBank Promissory Note and Supplement (CFC refinance)
5. CoBank Promissory Note and Supplement (2010-2010 Work Plan)
6. Joint Mortgage with CFC and CoBank
7. UCC-1 joint filing

The mortgage was recorded in four different counties: Cochise, Santa Cruz, Graham and Pima. If you wish to have evidence of those various recordings, please contact my office with the contact information shown below.

Please let me know if there are any questions, or if additional information is needed.

Respectfully,

Kirby Chapman
Chief Financial and Administrative Officer
Sulphur Springs Valley Electric Cooperative, Inc.
Office: (520) 515-3457
kchapman@ssvec.com

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LOAN AGREEMENT

LOAN AGREEMENT (this "Agreement") dated as of 4/20/2011, 2011, between SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC. ("Borrower"), a corporation organized and existing under the laws of the State of Arizona and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION ("CFC"), a cooperative association organized and existing under the laws of the District of Columbia.

RECITALS

WHEREAS, the Borrower has applied to CFC for a loan for the purposes set forth in Schedule 1 hereto, and CFC is willing to make such a loan to the Borrower on the terms and conditions stated herein; and

WHEREAS, the Borrower has agreed to execute one or more promissory notes to evidence an indebtedness in the aggregate principal amount of the CFC Commitment (as hereinafter defined).

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree and bind themselves as follows:

ARTICLE I

DEFINITIONS

Section 1.01 For purposes of this Agreement, the following capitalized terms shall have the following meanings (such definitions to be equally applicable to the singular and the plural form thereof). Capitalized terms that are not defined herein shall have the meanings as set forth in the Mortgage.

"Accounting Requirements" shall mean any system of accounts prescribed by a federal regulatory authority having jurisdiction over the Borrower or, in the absence thereof, the requirements of GAAP applicable to businesses similar to that of the Borrower.

"Advance" shall mean each advance of funds by CFC to the Borrower pursuant to the terms and conditions of this Agreement.

"Alternate Lender(s)" shall mean lender(s), other than CFC, making Alternate Loans.

"Alternate Loan(s)" shall mean credit facilities, by and between Borrower and Alternate Lender(s), secured by the Mortgage.

"Amortization Basis Date" shall mean the first calendar day of the month following the end of the Billing Cycle in which the Advance occurs, provided, however, that if the Advance is made on the first day of a Billing Cycle, and such day is a Business Day, then the Amortization Basis Date shall be the date of the Advance.

"Average DSC Ratio" shall mean the average of the Borrower's two highest annual DSC Ratios during the most recent three calendar years.

"Billing Cycle" shall mean any 3-month period ending on, and including, a Payment Date.

"Business Day" shall mean any day that both CFC and the depository institution CFC utilizes for funds transfers hereunder are open for business.

"CFC Commitment" shall have the meaning as defined in Schedule 1.

"CFC Fixed Rate" shall mean (i) such fixed rate as is then available for loans similarly classified pursuant to CFC's policies and procedures then in effect, or (ii) such other fixed rate as may be agreed to by the parties and reflected on the written requisition for funds in the form attached as Exhibit A hereto.

"CFC Fixed Rate Term" shall mean the specific period of time that a CFC Fixed Rate is in effect for an Advance.

"CFC Loan" shall mean the credit facility established pursuant and subject to the terms of this Agreement.

"CFC Variable Rate" shall mean (i) the rate established by CFC for variable interest rate long-term loans similarly classified pursuant to the long-term loan programs established by CFC from time to time, or (ii) such other variable rate as may be agreed to by the parties on the written requisition for funds in the form attached as Exhibit A hereto.

"CREB Provisions" shall mean the specific covenants relating to funds requisition, tax status of the CREBs and completion and termination certificates contained in any loan agreements related to a clean renewable energy project of the Borrower funded by proceeds of one or more series of clean renewable energy bonds issued by CFC.

"Capital Certificate" shall mean a certificate, or book entry form of account, evidencing the Borrower's purchase of subordinated debt instruments issued by CFC from time to time. Such instruments may be denoted by CFC as "Loan Capital Term Certificates", "Member Capital Securities", "Subordinated Term Certificates", or other like designations.

"Conversion Request" shall mean a written request from any duly authorized official of the Borrower, in form and substance satisfactory to CFC, that requests an interest rate conversion.

"Debt Service Coverage ("DSC") Ratio" shall mean the ratio determined as follows: for any calendar year add (i) Operating Margins, (ii) Non-Operating Margins--Interest, (iii) Interest Expense, (iv) Depreciation and Amortization Expense, and (v) cash received in respect of generation and transmission and other capital credits, and divide the sum so obtained by the sum of all payments of Principal and Interest Expense required to be made during such calendar year; provided, however, that in the event that any amount of Long-Term Debt has been refinanced during such year, the payments of Principal and Interest Expense required to be made during such year on account of such refinanced amount of Long-Term Debt shall be based (in lieu of actual payments required to be made on such refinanced amount of Long-Term Debt) upon the larger of (i) an annualization of the payments required to be made with respect to the refinancing debt during the portion of such year such refinancing debt is outstanding or (ii) the payment of Principal and Interest Expense required to be made during the following year on account of such refinancing debt.

"Default Rate" shall mean a rate per annum equal to the interest rate in effect for an Advance plus two hundred basis points.

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

"Distributions" shall mean, with respect to the Borrower, any dividend, patronage refund, patronage capital retirement or cash distribution to its members, or consumers (including but not limited to any general cancellation or abatement of charges for electric energy or services furnished by the Borrower). The term "Distribution" shall *not* include (a) a distribution by the Borrower to the estate of a deceased patron, (b) repayment by the Borrower of a membership fee upon termination of a membership, or (c) any rebate to a patron resulting from a cost abatement received by the Borrower, such as a reduction of wholesale power cost previously incurred.

"Draw Period" shall have the meaning as described in Schedule 1 hereto.

"Environmental Laws" shall mean all laws, rules and regulations promulgated by any Governmental Authority, with which Borrower is required to comply, regarding the use, treatment, discharge, storage, management, handling, manufacture, generation, processing, recycling, distribution, transport, release of or exposure to any Hazardous Material.

"Equity" shall mean the aggregate of the Borrower's equities and margins computed pursuant to Accounting Requirements.

"Event of Default" shall have the meaning as described in Article VI hereof.

"GAAP" shall mean generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board.

"Governmental Authority" shall mean the government of the United States of America, any other nation or government, any state or other political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Hazardous Material" shall mean any (a) petroleum or petroleum products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls, lead and radon gas, and (b) any other substance designated as hazardous or toxic or as a pollutant or contaminant under any Environmental Law.

"Interest Expense" shall mean an amount constituting the interest expense with respect to Long-Term Debt of the Borrower computed pursuant to Accounting Requirements. In computing Interest Expense, there shall be added, to the extent not otherwise included, an amount equal to 33-1/3% of the excess of Restricted Rentals paid by the Borrower over 2% of the Borrower's Equity.

"Interest Rate Reset Date" shall mean, with respect to any Advance, the first day following the expiration of the CFC Fixed Rate Term for such Advance.

"LCTC Purchase Provisions" shall mean the specific conditions and covenants in any Prior Loan Document requiring the Borrower to purchase subordinated debt instruments issued by CFC that may be referred to in Prior Loan Documents as "LCTCs", "Loan Capital Term Certificates", "Capital Certificates", "Equity Certificates", "Subordinated Term Certificates" or instruments with other like designations.

"Letter Agreement" shall mean such letter from CFC to Borrower as is countersigned by the Borrower as of even date herewith relating to fees to be paid by the Borrower hereunder.

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

"Loan Documents" shall mean this Agreement, the Note, the Letter Agreement, the Mortgage and all other documents or instruments executed, delivered or executed and delivered by the Borrower and evidencing, securing, governing or otherwise pertaining to the loan made by CFC to the Borrower, pursuant to this Agreement.

"Long-Term Debt" shall mean an amount constituting the long-term debt of the Borrower computed pursuant to Accounting Requirements.

"Make-Whole Premium" shall mean, with respect to any principal sum of a CFC Fixed Rate Advance paid prior to the expiration of the CFC Fixed Rate Term applicable thereto (the "Prepaid Principal Amount"), an amount calculated as set forth below. The Make-Whole Premium represents Lender's reinvestment loss resulting from making a fixed rate loan.

(1) Compute the amount of interest ("Loan Interest") that would have been due on the Prepaid Principal Amount at the applicable CFC Fixed Rate for the period from the prepayment date through the end of the CFC Fixed Rate Term (such period is hereinafter referred to as the "Remaining Term"), calculated on the basis of a 30-day month/360-day year, adjusted to include any amortization of principal in accordance with the amortization schedule that would have been in effect for the Prepaid Principal Amount.

(2) Compute the amount of interest ("Investment Interest") that would be earned on the Prepaid Principal Amount (adjusted to include any applicable amortization) if invested in a United States government security with a term equivalent to the Remaining Term, calculated on the basis of a 30-day month/360-day year. The yield used to determine the amount of Investment Interest shall be based upon United States government security yields dated no more than two Business Days prior to the prepayment date in Federal Reserve statistical release H.15 (519), under the caption "U.S. Government Securities/Treasury Constant Maturities". If there is no such United States government security under said caption with a term equivalent to the Remaining Term, then the yield shall be determined by interpolating between the terms of whole years nearest to the Remaining Term.

(3) Subtract the amount of Investment Interest from the amount of Loan Interest. If the difference is zero or less, then the Make-Whole Premium is zero. If the difference is

greater than zero, then the Make-Whole premium is a sum equal to the present value of the difference, applying as the present value discount a rate equal to the yield utilized to determine Investment Interest.

"Maturity Date" with respect to each Note shall have the meaning ascribed to it therein.

"Mortgage" shall have the meaning as described in Schedule 1 hereto.

"Mortgaged Property" shall have the meaning ascribed to it in the Mortgage.

"Non-Operating Margins--Interest" shall mean the amount representing the interest component of non-operating margins of the Borrower computed pursuant to Accounting Requirements.

"Note" or "Notes" shall mean each secured promissory note, payable to the order of CFC, executed by the Borrower, dated as of even date herewith, pursuant to this Agreement as identified on Schedule 1 hereto, and shall include all substitute, amended or replacement promissory notes.

"Obligations" shall mean any and all liabilities, obligations or indebtedness owing by the Borrower to CFC, of any kind or description, irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising.

"Operating Margins" shall mean the amount of patronage capital and operating margins of the Borrower computed pursuant to Accounting Requirements.

"Payment Date" shall mean the last day of each of the months referred to in Schedule 1.

"Permitted Encumbrances" shall have the meaning ascribed to it in the Mortgage.

"Person" shall mean natural persons, cooperatives, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint ventures, associations, companies, trusts or other organizations, irrespective of whether they are legal entities, and Governmental Authorities.

"Principal" shall mean the amount of principal billed on account of Long-Term Debt of the Borrower computed pursuant to Accounting Requirements.

"Prior Loan Documents" shall mean, collectively, all long term loan agreements entered into prior to the date hereof by and between CFC and the Borrower, and all promissory notes delivered pursuant thereto secured under the Mortgage.

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

vehicles (including without limitation aircraft and ships), office, garage and warehouse space and office equipment (including without limitation computers).

"Subsidiary" as to any Person, shall mean a corporation, partnership, limited partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

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

"Total Utility Plant" shall mean the amount constituting the total utility plant of the Borrower computed pursuant to Accounting Requirements.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01 The Borrower represents and warrants to CFC that as of the date of this Agreement:

A. Good Standing. The Borrower is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, is duly qualified to do business and is in good standing in those states in which it is required to be qualified to conduct its business. The Borrower is a member in good standing of CFC.

B. Subsidiaries and Ownership. Schedule 1 hereto sets forth a complete and accurate list of the Subsidiaries of the Borrower showing the percentage of the Borrower's ownership of the outstanding stock, membership interests or partnership interests, as applicable, of each Subsidiary.

C. Authority; Validity. The Borrower has the power and authority to enter into this Agreement, the Note and the Mortgage; to make the borrowing hereunder; to execute and deliver all documents and instruments required hereunder and to incur and perform the obligations provided for herein, in the Note and in the Mortgage, all of which have been duly authorized by all necessary and proper action; and no consent or approval of any Person, including, as applicable and without limitation, members of the Borrower, which has not been obtained is required as a condition to the validity or enforceability hereof or thereof.

Each of this Agreement, the Note and the Mortgage is, and when fully executed and delivered will be, legal, valid and binding upon the Borrower and enforceable against the Borrower in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity.

D. No Conflicting Agreements. The execution and delivery of the Loan Documents and performance by the Borrower of the obligations thereunder, and the

transactions contemplated hereby or thereby, will not: (i) violate any provision of law, any order, rule or regulation of any court or other agency of government, any award of any arbitrator, the articles of incorporation or by-laws of the Borrower, or any indenture, contract, agreement, mortgage, deed of trust or other instrument to which the Borrower is a party or by which it or any of its property is bound; or (ii) be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under, any such award, indenture, contract, agreement, mortgage, deed of trust or other instrument, or result in the creation or imposition of any Lien (other than contemplated hereby) upon any of the property or assets of the Borrower.

The Borrower is not in default in any material respect under any agreement or instrument to which it is a party or by which it is bound and no event or condition exists which constitutes a default, or with the giving of notice or lapse of time, or both, would constitute a default under any such agreement or instrument.

E. Taxes. The Borrower, and each of its Subsidiaries, has filed or caused to be filed all federal, state and local tax returns which are required to be filed and has paid or caused to be paid all federal, state and local taxes, assessments, and governmental charges and levies thereon, including interest and penalties to the extent that such taxes, assessments, and governmental charges and levies have become due, except for such taxes, assessments, and governmental charges and levies which the Borrower or any Subsidiary is contesting in good faith by appropriate proceedings for which adequate reserves have been set aside.

F. Licenses and Permits. The Borrower has duly obtained and now holds all licenses, permits, certifications, approvals and the like necessary to own and operate its property and business that are required by Governmental Authorities and each remains valid and in full force and effect.

G. Litigation. There are no outstanding judgments, suits, claims, actions or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower, its Subsidiaries or any of their respective properties which, if adversely determined, either individually or collectively, would have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of the Borrower or its Subsidiaries. The Borrower and its Subsidiaries are not, to the Borrower's knowledge, in default or violation with respect to any judgment, order, writ, injunction, decree, rule or regulation of any Governmental Authority which would have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of the Borrower or its Subsidiaries.

H. Financial Statements. The balance sheet of the Borrower as at the date identified in Schedule 1 hereto, the statement of operations of the Borrower for the period ending on said date, and the interim financial statements of the Borrower, all heretofore furnished to CFC, are complete and correct. Said balance sheet fairly presents the financial condition of the Borrower as at said date and said statement of operations fairly reflects its operations for the period ending on said date. The Borrower has no contingent obligations or extraordinary forward or long-term commitments except as specifically stated in said balance sheet or herein. There has been no material adverse change in the financial condition or operations of the Borrower from that set forth in said financial statements except changes disclosed in writing to CFC prior to the date hereof.

I. Borrower's Legal Status. Schedule 1 hereto accurately sets forth: (i) the Borrower's exact legal name, (ii) the Borrower's organizational type and jurisdiction of organization, (iii) the Borrower's organizational identification number or accurate statement that

the Borrower has none, and (iv) the Borrower's place of business or, if more than one, its chief executive office as well as the Borrower's mailing address if different.

J. Required Approvals. No license, consent or approval of any Governmental Authority is required to enable the Borrower to enter into this Agreement, the Note and the Mortgage, or to perform any of its Obligations provided for in such documents, including without limitation (and if applicable), that of any state public utilities commission, any state public service commission, and the Federal Energy Regulatory Commission, except as disclosed in Schedule 1 hereto, all of which the Borrower has obtained prior to the date hereof.

K. Compliance With Laws. The Borrower and each Subsidiary is in compliance, in all material respects, with all applicable requirements of law and all applicable rules and regulations of each Governmental Authority.

L. Disclosure. To the Borrower's knowledge, information and belief, neither this Agreement nor any document, certificate or financial statement furnished to CFC by or on behalf of the Borrower in connection herewith (all such documents, certificates and financial statements, taken as a whole) contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements contained herein and therein not misleading.

M. No Other Liens. As to property which is presently included in the description of Mortgaged Property, the Borrower has not, without the prior written approval of CFC, executed or authenticated any security agreement or mortgage, or filed or authorized any financing statement to be filed with respect to assets owned by it, other than security agreements, mortgages and financing statements in favor of CFC, except as disclosed in writing to CFC prior to the date hereof or relating to Permitted Encumbrances.

N. Environmental Matters. Except as to matters which individually or in the aggregate would not have a material adverse effect upon the business or financial condition of the Borrower or its Subsidiaries, (i) Borrower is in compliance with all Environmental Laws (including, but not limited to, having any required permits and licenses), (ii) there have been no releases (other than releases remediated in compliance with Environmental Laws) from any underground or aboveground storage tanks (or piping associated therewith) that are or were present at the Mortgaged Property, (iii) Borrower has not received written notice or claim of any violation of any Environmental Law, (iv) there is no pending investigation of Borrower in regard to any Environmental Law, and (v) to the best of Borrower's knowledge, there has not been any release or contamination (other than releases or contamination remediated in compliance with Environmental Laws) resulting from the presence of Hazardous Materials on property owned, leased or operated by the Borrower.

ARTICLE III

LOAN

Section 3.01 Advances. The Borrower shall submit its request for an Advance to CFC in writing (which may be submitted by facsimile) no later than 12:00 noon local time at CFC's offices in Herndon, Virginia on the Business Day prior to the Business Day the Borrower seeks to have funds advanced.

CFC may decline to advance funds requested if and to the extent that any such request for funds or advance thereof would cause the sum of the outstanding balance of the CFC Loan and the Alternate Loan(s) to exceed \$72,680,000.00. At the end of the Draw Period, CFC shall have no further obligation to make Advances. The obligation of the Borrower to repay the Advances shall be evidenced by one or more Notes.

Section 3.02 Interest Rate and Payment. Notes shall be payable and bear interest as follows:

A. Payments; Maturity; Amortization.

(i) Each Note shall have a Maturity Date that is not more than forty (40) years from the date hereof, *provided, however*, that if such date is not a Payment Date, then the Maturity Date shall be the Payment Date immediately preceding such date.

(ii) Prior to or at the time of each Advance, the Borrower shall elect, with respect to such Advance, (1) an amortization method for principal, or (2) not to amortize principal. If no election is made, then the Advance shall amortize over a period ending on the earlier of the date that is thirty-five (35) years from the date of such Advance and the Maturity Date.

(a) *Amortizing Advances:* Each Advance that the Borrower elects to amortize shall amortize over a period not to exceed thirty-five (35) years from the date of such Advance, *provided, however*, that such period shall not extend beyond the Maturity Date. For each Advance, the Borrower shall promptly pay interest in the amount invoiced on each Payment Date until the first Payment Date of the Billing Cycle in which the Amortization Basis Date occurs. On such Payment Date, and on each Payment Date thereafter, the Borrower shall promptly pay interest and principal in the amounts invoiced. If not sooner paid, any amount due on account of the unpaid principal, interest accrued thereon and fees, if any, shall be due and payable on the Maturity Date. The amortization method for each Advance shall be as stated on Schedule 1 or, if not so stated, then as stated on the written requisition for such Advance submitted by the Borrower to CFC pursuant to the terms hereof.

(b) *Non-Amortizing Advances:* Each Advance that the Borrower elects not to amortize shall be repaid within thirty-five (35) years from the date of such Advance, or the Maturity Date, whichever is earlier. On each Payment Date, the Borrower shall promptly pay interest only until the final Payment Date corresponding to the term of such Advance, or the Maturity Date (whichever is applicable), upon which date all unpaid principal, interest accrued thereon and fees, if any, shall be due and payable. If the term of a non-amortizing Advance ends on a date that is not a Payment Date, then the repayment of such Advance shall be due and payable on the Payment Date immediately preceding such date.

(iii) CFC will invoice the Borrower at least ten (10) days before each Payment Date, *provided, however*, that CFC's failure to send an invoice shall not constitute a waiver by CFC or be deemed to relieve the Borrower of its obligation to make payments as and when due as provided for herein.

(iv) No provision of this Agreement or of any Note shall require the payment, or permit the collection, of interest in excess of the highest rate permitted by applicable law.

B. Application of Payments. Each payment shall be applied to the Obligations, first to any fees, costs, expenses or charges other than interest or principal, second to interest accrued, and the balance to principal.

C. Selection of Interest Rate and Interest Rate Computation. Prior to each Advance on a Note, the Borrower must select in writing either a CFC Fixed Rate or the CFC Variable Rate, as follows:

(i) **CFC Fixed Rate.** If the Borrower selects a CFC Fixed Rate for an Advance, then such rate shall be in effect for the CFC Fixed Rate Term selected by the Borrower. CFC shall provide the Borrower with at least sixty (60) days prior written or electronic notice of the Interest Rate Reset Date for such Advance. The Borrower may then select any available interest rate option for such Advance pursuant to CFC's policies of general application. The Advance shall bear interest according to the interest rate option so selected beginning on the Interest Rate Reset Date. If the Borrower does not select an interest rate in writing prior to the Interest Rate Reset Date, then beginning on the Interest Rate Reset Date the Advance shall bear interest at, the CFC Variable Rate. CFC agrees that its long-term loan policies will include a fixed interest rate option until the Maturity Date. For any Advance, the Borrower may not select a CFC Fixed Rate with a CFC Fixed Rate Term that extends beyond the Maturity Date. Interest on amortizing Advances bearing interest at a CFC Fixed Rate shall be computed for the actual number of days elapsed on the basis of a year of 365 days, until the first day of the Billing Cycle in which the Amortization Basis Date occurs; interest shall then be computed on the basis of a 30-day month and 360-day year. Interest on non-amortizing Advances bearing interest at a CFC Fixed Rate shall be computed for the actual number of days elapsed on the basis of a year of 365 days.

(ii) **CFC Variable Rate.** If the Borrower selects the CFC Variable Rate for an Advance, then such CFC Variable Rate shall apply until the Maturity Date, unless the Borrower elects to convert to a CFC Fixed Rate pursuant to the terms hereof. Interest on Advances bearing interest at the CFC Variable Rate shall be computed for the actual number of days elapsed on the basis of a year of 365 days.

Section 3.03 Conversion of Interest Rates.

A. CFC Variable Rate to a CFC Fixed Rate. The Borrower may at any time convert from the CFC Variable Rate to a CFC Fixed Rate by submitting to CFC a Conversion Request requesting that a CFC Fixed Rate apply to any outstanding Advance. The rate shall be equal to the rate of interest offered by CFC in effect on the date of the Conversion Request. The effective date of the new interest rate shall be a date determined by CFC pursuant to its policies of general application following receipt of the Conversion Request.

B. CFC Fixed Rate to CFC Variable Rate. The Borrower may at any time convert a CFC Fixed Rate to the CFC Variable Rate by: (i) submitting a Conversion Request requesting that the CFC Variable Rate apply to any outstanding Advance; and (ii) paying to CFC promptly upon receipt of an invoice any applicable conversion fee calculated pursuant to CFC's long-term loan policies as established from time to time for similarly classified long-term loans. The effective date of the CFC Variable Rate shall be a date determined by CFC pursuant to its policies of general application following receipt of the Conversion Request.

C. A CFC Fixed Rate to Another CFC Fixed Rate. The Borrower may at any time convert from a CFC Fixed Rate to another CFC Fixed Rate if the Borrower: (i) submits a Conversion Request requesting that a CFC Fixed Rate apply to any Advance and (ii) pays to CFC

promptly upon receipt of an invoice any applicable conversion fee calculated pursuant to CFC's long-term loan policies as established from time to time for similarly classified long-term loans. The effective date of the new interest rate shall be a date determined by CFC pursuant to its policies of general application following receipt of the Conversion Request.

Section 3.04 Optional Prepayment. The Borrower may at any time, on not less than thirty (30) days prior written notice to CFC, prepay any Advance, in whole or in part. In the event the Borrower prepays all or any part of an Advance (regardless of the source of such prepayment and whether voluntary, by acceleration or otherwise), the Borrower shall pay any prepayment fee or Make-Whole Premium as CFC may prescribe pursuant to the terms of this Section 3.04. All prepayments shall be accompanied by payment of accrued and unpaid interest on the amount of and to the date of the repayment. All prepayments shall be applied first to fees, second to the payment of accrued and unpaid interest, and then to the unpaid balance of the principal amount of the applicable Advance. If the Advance bears interest at the CFC Variable Rate, the Borrower may prepay the Advance or any portion thereof, as the case may be, at any time subject to the terms hereof and said prepayment fee shall be in an amount equal to thirty three (33) basis points times the amount being prepaid. If the Advance bears interest at a CFC Fixed Rate, the Borrower may (a) prepay the Advance on the day before an Interest Rate Reset Date provided that the Borrower shall pay a prepayment fee in an amount equal to thirty three (33) basis points times the amount being prepaid or (b) any such other date provided that the Borrower shall pay a prepayment fee in an amount equal to thirty three (33) basis points times the amount being prepaid plus any applicable Make-Whole Premium.

Section 3.05 Mandatory Prepayment. If there is a change in the Borrower's corporate structure (including without limitation by merger, consolidation, conversion or acquisition), then upon the effective date of such change, (a) the Borrower shall no longer have the ability to request, and CFC shall have no obligation to make, Advances hereunder and (b) the Borrower shall prepay the outstanding principal balance of all Obligations, together with any accrued but unpaid interest thereon, any unpaid costs or expenses provided for herein, and a prepayment premium as set forth in any agreement between the Borrower and CFC with respect to any such Obligation or, if not specified therein, as prescribed by CFC pursuant to its policies of general application in effect from time to time.

Notwithstanding the foregoing, if after giving effect to such change in Borrower's corporate structure, Borrower, or its successor in interest, is engaged in the furnishing of electric utility services to its members and patrons for their use as ultimate consumers and is organized as a cooperative, nonprofit corporation, public utility district, municipality, or other public governmental body, Borrower shall retain the ability to request, and CFC shall retain the obligation to make, Advances hereunder and no prepayment shall be required under this Section 3.05.

Section 3.06 Default Rate. If Borrower defaults on its obligation to make a payment due hereunder by the applicable Payment Date, and such default continues for thirty days thereafter, then beginning on the thirty-first day after the Payment Date and for so long as such default continues, Advances shall bear interest at the Default Rate.

ARTICLE IV

CONDITIONS OF LENDING

Section 4.01 The obligation of CFC to make any Advance hereunder is subject to satisfaction of the following conditions in form and substance satisfactory to CFC:

A. Legal Matters. All legal matters incident to the consummation of the transactions hereby contemplated shall be satisfactory to counsel for CFC.

B. Documents. CFC shall have been furnished with (i) the executed Loan Documents, (ii) certified copies of all such organizational documents and proceedings of the Borrower authorizing the transactions hereby contemplated as CFC shall require, (iii) an opinion of counsel for the Borrower addressing such legal matters as CFC shall reasonably require, and (iv) all other such documents as CFC may reasonably request.

C. Government Approvals. The Borrower shall have furnished to CFC true and correct copies of all certificates, authorizations, consents, permits and licenses from Governmental Authorities necessary for the execution or delivery of the Loan Documents or performance by the Borrower of the obligations thereunder.

D. Representations and Warranties. The representations and warranties contained in Article II shall be true on the date of the making of each Advance hereunder with the same effect as though such representations and warranties had been made on such date; no Event of Default and no event which, with the lapse of time or the notice and lapse of time would become such an Event of Default, shall have occurred and be continuing or will have occurred after giving effect to each Advance on the books of the Borrower; there shall have occurred no material adverse change in the business or condition, financial or otherwise, of the Borrower; and nothing shall have occurred which in the opinion of CFC materially and adversely affects the Borrower's ability to perform its obligations hereunder.

E. Mortgage Recordation. The Mortgage (and any amendments, supplements or restatements as CFC may require from time to time) shall have been duly filed, recorded or indexed in all jurisdictions necessary (and in any other jurisdiction that CFC shall have reasonably requested) to provide CFC a lien, subject to Permitted Encumbrances, on all of the Borrower's real property, all in accordance with applicable law, and the Borrower shall have paid all applicable taxes, recording and filing fees and caused satisfactory evidence thereof to be furnished to CFC.

F. UCC Filings. Uniform Commercial Code financing statements (and any continuation statements and other amendments thereto that CFC shall require from time to time) shall have been duly filed, recorded or indexed in all jurisdictions necessary (and in any other jurisdiction that CFC shall have reasonably requested) to provide CFC a perfected security interest, subject to Permitted Encumbrances, in the Mortgaged Property which may be perfected by the filing of a financing statement, all in accordance with applicable law, and the Borrower shall have paid all applicable taxes, recording and filing fees and caused satisfactory evidence thereof to be furnished to CFC.

G. Requisitions. The Borrower will requisition each Advance by submitting its written requisition to CFC in the form attached as Exhibit A hereto. Requisitions for Advances shall be made only for the purposes set forth in Schedule 1 hereto.

H. Other Information. The Borrower shall have furnished such other information as CFC may reasonably require, including but not limited to (i) information regarding the specific purpose for an Advance and the use thereof, (ii) feasibility studies, cash flow projections, financial analyses and pro forma financial statements sufficient to demonstrate to CFC's reasonable satisfaction that after giving effect to the Advance requested, the Borrower shall continue to achieve the DSC ratio set forth in Section 5.01.A herein, to meet all of its debt service obligations, and otherwise to perform and to comply with all other covenants and conditions set forth in this Agreement, and (iii) any other information as CFC may reasonably request. CFC's obligation to make any Advance hereunder is conditioned upon prior receipt and approval of the Borrower's written requisition and other information and documentation, if any, as CFC may have requested pursuant to this paragraph.

I. Special Conditions. CFC shall be fully satisfied that the Borrower has complied with all special conditions identified in Schedule 1 hereto.

ARTICLE V

COVENANTS

Section 5.01 Affirmative Covenants. The Borrower covenants and agrees with CFC that until payment in full of the Note and performance of all obligations of the Borrower hereunder:

A. Financial Ratios; Design of Rates. The Borrower shall achieve an Average DSC Ratio of not less than 1.35. The Borrower shall not decrease its rates for electric service if it has failed to achieve a DSC Ratio of 1.35 for the calendar year prior to such reduction subject only to an order from a Governmental Authority properly exercising jurisdiction over the Borrower.

B. Loan Proceeds. The Borrower shall use the proceeds of this loan solely for the purposes identified on Schedule 1 hereto.

C. Notice. The Borrower shall promptly notify CFC in writing of:

(i) any material adverse change in the business, operations, prospects, assets, liabilities or financial condition of the Borrower;

(ii) the institution or threat of any litigation or administrative proceeding of any nature involving the Borrower which could materially affect the business, operations, prospects, assets, liabilities or financial condition of the Borrower;

(iii) the occurrence of an Event of Default hereunder, or any event that, with the giving of notice or lapse of time, or both, would constitute an Event of Default.

D. Default Notices. Upon receipt of any notices with respect to a default by the Borrower under the terms of any evidence of any indebtedness with parties other than CFC or of any loan agreement, mortgage or other agreement relating thereto, the Borrower shall deliver copies of such notice to CFC.

E. Annual Certificates.

(i) Within one hundred twenty (120) days after the close of each calendar year, commencing with the year in which the initial Advance hereunder shall have been made, the Borrower will deliver to CFC a written statement, in form and substance satisfactory to CFC, either (a) signed by the Borrower's General Manager or Chief Executive Officer, or (b) submitted electronically through means made available to the Borrower by CFC, stating that during such year, and that to the best of said person's knowledge, the Borrower has fulfilled all of its obligations under this Agreement, the Note, and the Mortgage throughout such year or, if there has been a default in the fulfillment of any such obligations, specifying each such default known to said person and the nature and status thereof.

(ii) The Borrower shall deliver to CFC within one hundred twenty (120) days after the close of each calendar year, a certification, in form and substance satisfactory to CFC, regarding the condition of the Mortgaged Property prepared by a professional engineer satisfactory to CFC. The Borrower shall also deliver to CFC such other information as CFC may reasonably request from time to time.

F. Reserved.

G. Financial Books; Financial Reports; Right of Inspection. The Borrower 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 Borrower, in accordance with Accounting Requirements. When requested by CFC, the Borrower will prepare and furnish CFC from time to time, periodic financial and statistical reports on its condition and operations. All of such reports shall be in such form and include such information as may be specified by CFC. Within one hundred twenty (120) days of the end of each calendar year during the term hereof, the Borrower shall furnish to CFC a full and complete report of its financial condition and statement of its operations as of the end of such calendar year, in form and substance satisfactory to CFC. In addition, within one hundred twenty (120) days of the end of each the Borrower's fiscal years during the term hereof, the Borrower shall furnish to CFC a full and complete consolidated and consolidating report of its financial condition and statement of its operations as of the end of such fiscal year, audited and certified by independent certified public accountants nationally recognized or otherwise satisfactory to CFC and accompanied by a report of such audit in form and substance satisfactory to CFC, including without limitation a consolidated and consolidating balance sheet and the related consolidated and consolidating statements of income and cash flow. CFC, through its representatives, shall at all times during reasonable business hours and upon prior notice have access to, and the right to inspect and make copies of, any or all books, records and accounts, and any or all invoices, contracts, leases, payrolls, canceled checks, statements and other documents and papers of every kind belonging to or in the possession of the Borrower or in anyway pertaining to its property or business.

H. Notice of Additional Secured Debt. The Borrower will notify CFC promptly in writing if it incurs any additional secured indebtedness other than indebtedness to CFC or indebtedness otherwise provided for in the Mortgage.

I. Funds Requisition. The Borrower agrees (i) that CFC may rely conclusively upon the interest rate option, interest rate term and other written instructions submitted to CFC in the Borrower's written request for an Advance hereunder, (ii) that such instructions shall constitute a covenant under this Agreement to repay the Advance in accordance with such instructions, the

applicable Note, the Mortgage and this Agreement, and (iii) to request Advances only for the purposes set forth in Schedule 1 hereto.

J. Compliance with Laws. The Borrower and each Subsidiary shall remain in compliance, in all material respects, with all applicable requirements of law and applicable rules and regulations of each Governmental Authority.

K. Taxes. The Borrower shall pay, or cause to be paid all taxes, assessments or governmental charges lawfully levied or imposed on or against it and its properties prior to the time they become delinquent, except for any taxes, assessments or charges that are being contested in good faith and with respect to which adequate reserves as determined in good faith by the Borrower have been established and are being maintained.

L. Further Assurances. The Borrower shall execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any applicable law, or which CFC may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created or intended to be created thereby. The Borrower also agrees to provide to CFC, from time to time upon request, evidence reasonably satisfactory to CFC as to the perfection and priority of the Liens created or intended to be created by the Loan Documents.

M. Environmental Covenants. The Borrower shall:

(i) at its own cost, comply in all material respects with all applicable Environmental Laws, including, but not limited to, any required remediation; and

(ii) if it receives any written communication alleging Borrower's violation of any Environmental Law, provide CFC with a copy thereof within ten (10) Business Days after receipt, and promptly take appropriate action to remedy, cure, defend, or otherwise affirmatively respond to the matter.

N. Limitations on Loans, Investments and Other Obligations. The aggregate amount of all purchases, investments, loans, guarantees, commitments and other obligations described in Section 5.02.D(i) of this Agreement shall at all times be less than fifteen percent (15%) of Total Utility Plant or fifty percent (50%) of Equity, whichever is greater.

O. Fees. The CFC Commitment and Advances hereunder may be subject to certain fees. Any applicable fees will be set forth in the Letter Agreement.

P. Special Covenants. The Borrower agrees that it will comply with any special covenants identified in Schedule 1 hereto.

Section 5.02 Negative Covenants. The Borrower covenants and agrees with CFC that until payment in full of the Note and performance of all obligations of the Borrower hereunder, the Borrower will not, directly or indirectly, without CFC's prior written consent:

A. Limitations on Mergers. Consolidate with, merge, or sell all or substantially all of its business or assets, or enter into an agreement for such consolidation, merger or sale, to another entity or person unless such action is either approved, as is evidenced by the prior written

consent of CFC, or the purchaser, successor or resulting corporation is or becomes a member in good standing of CFC and assumes the due and punctual payment of the Note and the due and punctual performance of the covenants contained in the Mortgage and this Agreement.

B. Limitations on Sale, Lease or Transfer of Capital Assets; Application of Proceeds. Sell, lease or transfer (or enter into an agreement to sell, lease or transfer) any capital asset, except in accordance with this Section 5.02.B. If no Event of Default (and no event which with notice or lapse of time and notice would become an Event of Default) shall have occurred and be continuing, the Borrower may, without the prior written consent of CFC, sell, lease or transfer (or enter into an agreement to sell, lease or transfer) any capital asset in exchange for fair market value consideration paid to the Borrower if the value of such capital asset is less than five percent (5%) of Total Utility Plant and the aggregate value of capital assets sold, leased or transferred in any 12-month period is less than ten percent (10%) of Total Utility Plant. If the Borrower does sell, lease or transfer any capital assets, then the proceeds thereof (less ordinary and reasonable expenses incident to such transaction) shall immediately (i) be applied as a prepayment of the Note, to such installments as may be designated by CFC at the time of any such prepayment; (ii) in the case of dispositions of equipment, material or scrap, applied to the purchase of other property useful in the Borrower's business, although not necessarily of the same kind as the property disposed of, which shall forthwith become subject to the lien of the Mortgage; or (iii) applied to the acquisition or construction of other property or in reimbursement of the costs of such property.

C. Limitation on Dividends, Patronage Refunds and Other Distributions.

(i) Make any Distribution if an Event of Default under this Agreement has occurred and is continuing; or

(ii) Make a Distribution in any calendar year in an amount greater than thirty percent (30%) of the Borrower's total margins for the preceding calendar year, unless, after giving effect to the Distribution, the total Equity of the Borrower will be at least twenty percent (20%) of its Total Assets.

D. Limitations on Loans, Investments and Other Obligations.

(i) (a) Purchase, or make any commitment to purchase, any stock, bonds, notes, debentures, or other securities or obligations of or beneficial interests in, (b) make, or enter into a commitment to make, any other investment, monetary or otherwise, in, (c) make, or enter into a commitment to make, any loan to, or (d) guarantee, assume, or otherwise become liable for, or enter into a commitment to guarantee, assume, or otherwise become liable for, any obligation of any Person if, after giving effect to such purchase, investment, loan, guarantee or commitment, the aggregate amount thereof would exceed the greater of fifteen percent (15%) of Total Utility Plant or fifty percent (50%) of Equity.

(ii) The following shall not be included in the limitation of purchases, investments, loans and guarantees in (i) above: (a) bonds, notes, debentures, stock, or other securities or obligations issued by or guaranteed by the United States or any agency or instrumentality thereof; (b) bonds, notes, debentures, stock, commercial paper, subordinated capital certificates, or any other security or obligation issued by CFC or by institutions whose senior unsecured debt obligations are rated by at least two nationally recognized rating organizations in either of their two highest categories; (c) investments incidental to loans made by CFC; (d) any deposit that is fully insured by the United States; (e) loans and grants made by any Governmental Authority to the Borrower

under any rural economic development program, but only to the extent that such loans and grants are non-recourse to the Borrower; and (f) unretired patronage capital allocated to the Borrower by CFC, a cooperative from which the Borrower purchases electric power, or a statewide cooperative association of which Borrower is a member.

(iii) In no event may the Borrower take any action pursuant to subsection (i) if an Event of Default under this Agreement has occurred and is continuing,

E. Organizational Change. Change its type of organization or other legal structure, except as permitted by Section 5.02.A. hereof, in which case the Borrower shall provide at least 30 days prior written notice to CFC together with all documentation reflecting such change as CFC may reasonably require.

F. Notice of Change in Borrower Information. Change its (i) state of incorporation, (ii) legal name, (iii) mailing address, or (iv) organizational identification number, if it has one, unless the Borrower provides written notice to CFC at least thirty (30) days prior to the effective date of any such change together with all documentation reflecting any such change as CFC may reasonably require.

ARTICLE VI

EVENTS OF DEFAULT

Section 6.01 The following shall be "Events of Default" under this Agreement:

A. Representations and Warranties. Any representation or warranty made by the Borrower herein, or in any of the other Loan Documents, or in any certificate or financial statement furnished to CFC hereunder or under any of the other Loan Documents shall prove to be false or misleading in any material respect.

B. Payment. The Borrower shall fail to pay (whether upon stated maturity, by acceleration, or otherwise) any principal, interest, premium (if any) or other amount payable under the Note and the Loan Documents within five (5) Business Days after the due date thereof.

C. Other Covenants.

(i) **No Grace Period.** Failure of the Borrower to observe or perform any covenant or agreement contained in Sections 5.01.A, 5.01.B, 5.01.D, 5.01.E, 5.01.G, 5.01.I, 5.01.N, 5.02 or Schedule 1 of this Agreement.

(ii) **Thirty Day Grace Period.** Failure of the Borrower to observe or perform any other covenant or agreement contained in this Agreement or any of the other Loan Documents, which shall remain unremedied for thirty (30) calendar days after written notice thereof shall have been given to the Borrower by CFC.

D. Legal Existence, Permits and Licenses. The Borrower shall forfeit or otherwise be deprived of (i) its authority to conduct business in the jurisdiction in which it is organized or in any other jurisdiction where such authority is required in order for the Borrower to conduct its business in such jurisdiction or (ii) permits, easements, consents or licenses required to carry on any material portion of its business.

E. Other CFC Obligations. The Borrower shall be in breach or default of any Obligation, which breach or default continues uncured beyond the expiration of any applicable grace period.

F. Other Obligations. The Borrower shall (i) fail to make any payment of any principal, premium or any other amount due or interest on any indebtedness with parties other than CFC which shall remain unpaid beyond the expiration of any applicable grace period, or (ii) be in breach or default with respect to any other term of any evidence of any other indebtedness with parties other than CFC or of any loan agreement, mortgage or other agreement relating thereto which breach or default continues uncured beyond the expiration of any applicable grace period, if the effect of such failure, default or breach is to cause the holder or holders of that indebtedness to cause that indebtedness to become or be declared due prior to its stated maturity (upon the giving or receiving of notice, lapse of time, both or otherwise).

G. Involuntary Bankruptcy. An involuntary case or other proceeding shall be commenced against the Borrower seeking liquidation, reorganization or other relief with respect to it or its debts under bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property and such involuntary case or other proceeding shall continue without dismissal or stay for a period of sixty (60) days; or an order for relief shall be entered against the Borrower under the federal bankruptcy laws or applicable state law as now or hereafter in effect.

H. Insolvency. The Borrower shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to, or be generally unable to, pay its debts as they become due, or shall take any action to authorize any of the foregoing.

I. Dissolution or Liquidation. Other than as provided in subsection H. above, the dissolution or liquidation of the Borrower, or failure by the Borrower promptly to forestall or remove any execution, garnishment or attachment of such consequence as will impair its ability to continue its business or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within sixty (60) days. The term "dissolution or liquidation of the Borrower", as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Borrower resulting either from a merger or consolidation of the Borrower into or with another corporation following a transfer of all or substantially all its assets as an entirety, under the conditions set forth in Section 5.02.A.

J. Material Adverse Change. Any material adverse change in the business or condition, financial or otherwise, of the Borrower.

K. Monetary Judgment. The Borrower shall suffer any money judgment not covered by insurance, writ or warrant of attachment or similar process involving an amount in excess of \$100,000 and shall not discharge, vacate, bond or stay the same within a period of sixty (60) days.

L. Nonmonetary Judgment. One or more nonmonetary judgments or orders (including, without limitation, injunctions, writs or warrants of attachment, garnishment, execution, distraint, replevin or similar process) shall be rendered against the Borrower that, either individually or in the aggregate, could reasonably be expected to have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of the Borrower.

ARTICLE VII

REMEDIES

Section 7.01 If any of the Events of Default listed in Section 6 hereof shall occur after the date of this Agreement and shall not have been remedied within the applicable grace periods specified therein, then CFC may:

- (i) Cease making Advances hereunder;
- (ii) Declare all unpaid principal outstanding on the Note, all accrued and unpaid interest thereon, and all other Obligations to be immediately due and payable and the same shall thereupon become immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived;
- (iii) Exercise rights of setoff or recoupment and apply any and all amounts held, or hereafter held, by CFC or owed to the Borrower or for the credit or account of the Borrower against any and all of the Obligations of the Borrower now or hereafter existing hereunder or under the Note, including, but not limited to, patronage capital allocations and retirements, money due to Borrower from equity certificates purchased from CFC, and any membership or other fees that would otherwise be returned to Borrower. The rights of CFC under this section are in addition to any other rights and remedies (including other rights of setoff or recoupment) which CFC may have. The Borrower waives all rights of setoff, deduction, recoupment or counterclaim;
- (iv) Pursue all rights and remedies available to CFC that are contemplated by the Mortgage and the other Loan Documents in the manner, upon the conditions, and with the effect provided in the Mortgage and the other Loan Documents, including, but not limited to, a suit for specific performance, injunctive relief or damages;
- (v) Pursue any other rights and remedies available to CFC at law or in equity.

Nothing herein shall limit the right of CFC to pursue all rights and remedies available to a creditor following the occurrence of an Event of Default. Each right, power and remedy of CFC shall be cumulative and concurrent, and recourse to one or more rights or remedies shall not constitute a waiver of any other right, power or remedy.

ARTICLE VIII

MISCELLANEOUS

Section 8.01 Notices. All notices, requests and other communications provided for herein including, without limitation, any modifications of, or waivers, requests or consents under, this Agreement shall be given or made in writing (including, without limitation, by telecopy) and delivered to the intended recipient at the "Address for Notices" specified below; or, as to any party, at such other address as shall be designated by such party in a notice to each other party. All such communications shall be deemed to have been duly given (i) when personally delivered including, without limitation, by overnight mail or courier service, (ii) in the case of notice by United States mail, certified or registered, postage prepaid, return receipt requested, upon receipt thereof, or (iii) in the case of notice by telecopy, upon transmission thereof, provided such transmission is promptly confirmed by either of the methods set forth in clauses (i) or (ii) above in each case given or addressed as provided for herein. The Address for Notices of each of the respective parties is as follows:

National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025
Attention: Senior Vice President – Member Services
Fax # 703-709-6776

The Borrower:

The address set forth in
Schedule 1 hereto

Section 8.02 Expenses. Borrower shall reimburse CFC for any reasonable costs and out-of-pocket expenses paid or incurred by CFC (including, without limitation, reasonable fees and expenses of outside attorneys, paralegals and consultants) for all actions CFC takes, (a) to enforce the payment of any Obligation, to effect collection of any Mortgaged Property, or in preparation for such enforcement or collection, (b) to institute, maintain, preserve, enforce and foreclose on CFC's security interest in or Lien on any of the Mortgaged Property, whether through judicial proceedings or otherwise, (c) to restructure any of the Obligations, (d) to review, approve or grant any consents or waivers hereunder, (e) to prepare, negotiate, execute, deliver, review, amend or modify this Agreement, and (f) to prepare, negotiate, execute, deliver, review, amend or modify any other agreements, documents and instruments deemed necessary or appropriate by CFC in connection with any of the foregoing.

The amount of all such expenses identified in this Section 8.02 shall be secured by the Mortgage and shall be payable upon demand, and if not paid, shall accrue interest at the then prevailing CFC Variable Rate plus two hundred basis points.

Section 8.03 Late Payments. If payment of any amount due hereunder is not received at CFC's office in Herndon, Virginia, or such other location as CFC may designate to the Borrower within five (5) Business Days after the due date thereof, the Borrower will pay to CFC, in addition to all other amounts due under the terms of the Loan Documents, any late payment charge as may be fixed by CFC from time to time pursuant to its policies of general application as in effect from time to time.

Section 8.04 Non-Business Day Payments. If any payment to be made by the Borrower hereunder shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing any interest in respect of such payment.

Section 8.05 Filing Fees. To the extent permitted by law, the Borrower agrees to pay all expenses of CFC (including the reasonable fees and expenses of its counsel) in connection with the filing, registration, recordation or perfection of the Mortgage and any other security instruments as may be required by CFC in connection with this Agreement, including, without limitation, all documentary stamps, recordation and transfer taxes and other costs and taxes incident to execution, filing, registration or recordation of any document or instrument in connection herewith. The Borrower agrees to save harmless and indemnify CFC from and against any liability resulting from the failure to pay any required documentary stamps, recordation and transfer taxes, recording costs, or any other expenses incurred by CFC in connection with this Agreement. The provisions of this subsection shall survive the execution and delivery of this Agreement and the payment of all other amounts due under the Loan Documents.

Section 8.06 Waiver; Modification. No failure on the part of CFC to exercise, and no delay in exercising, any right or power hereunder or under the other Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise by CFC of any right hereunder, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power. No modification or waiver of any provision of this Agreement, the Note or the other Loan Documents and no consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be in writing by the party granting such modification, waiver or consent, and then such modification, waiver or consent shall be effective only in the specific instance and for the purpose for which given.

SECTION 8.07 GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.

(A) THE PERFORMANCE AND CONSTRUCTION OF THIS AGREEMENT AND THE NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

(B) THE BORROWER HEREBY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES COURTS LOCATED IN VIRGINIA AND OF ANY STATE COURT SO LOCATED FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. THE BORROWER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTIONS THAT IT MAY NOW OR HEREAFTER HAVE TO THE ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDINGS BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(C) THE BORROWER AND CFC EACH HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 8.08 INDEMNIFICATION. THE BORROWER HEREBY INDEMNIFIES AND AGREES TO HOLD HARMLESS, AND DEFEND CFC AND ITS MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS AND REPRESENTATIVES (EACH AN "INDEMNITEE") FOR, FROM, AND AGAINST ALL CLAIMS, DAMAGES, LOSSES, LIABILITIES, COSTS, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COSTS AND EXPENSES OF LITIGATION AND REASONABLE ATTORNEYS' FEES) ARISING FROM ANY CLAIM OR DEMAND IN RESPECT OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, THE MORTGAGED PROPERTY, OR THE TRANSACTIONS DESCRIBED IN THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND ARISING AT ANY TIME, WHETHER BEFORE OR AFTER PAYMENT AND PERFORMANCE OF ALL OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS IN FULL, EXCEPTING ANY SUCH MATTERS ARISING SOLELY FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF CFC OR ANY INDEMNITEE. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN SECTION 8.10 HEREOF, THE OBLIGATIONS IMPOSED UPON THE BORROWER BY THIS SECTION SHALL SURVIVE THE REPAYMENT OF THE NOTE, THE TERMINATION OF THIS AGREEMENT AND THE TERMINATION OR RELEASE OF THE LIEN OF THE MORTGAGE.

Section 8.09 Complete Agreement. This Agreement, together with the schedules to this Agreement, the Note and the other Loan Documents, and the other agreements and matters referred to herein or by their terms referring hereto, is intended by the parties as a final expression of their agreement and is intended as a complete statement of the terms and conditions of their agreement. In the event of any conflict in the terms and provisions of this Agreement and any other Loan Documents, the terms and provisions of this Agreement shall control.

Section 8.10 Survival; Successors and Assigns. All covenants, agreements, representations and warranties of the Borrower which are contained in this Agreement shall survive the execution and delivery to CFC of the Loan Documents and the making of the Loan hereunder and shall continue in full force and effect until all of the obligations under the Loan Documents have been paid in full. All covenants, agreements, representations and warranties of the Borrower which are contained in this Agreement shall inure to the benefit of the successors and assigns of CFC. The Borrower shall not have the right to assign its rights or obligations under this Agreement without the prior written consent of CFC, except as provided in Section 5.02.A hereof.

Section 8.11 Use of Terms. The use of the singular herein shall also refer to the plural, and vice versa.

Section 8.12 Headings. The headings and sub-headings contained in this Agreement are intended to be used for convenience only and do not constitute part of this Agreement.

Section 8.13 Severability. If any term, provision or condition, or any part thereof, of this Agreement, the Note or the other Loan Documents shall for any reason be found or held invalid or unenforceable by any governmental agency or court of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of such term, provision or condition nor any other term, provision or condition, and this Agreement, the Note and the other Loan Documents shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

Section 8.14. Prior Loan Documents. It is understood and agreed that the covenants set forth in this Agreement under the Article entitled "COVENANTS" shall restate and supersede all of the covenants set forth in the corresponding Article or Articles of each Prior Loan Document dealing with covenants, regardless of the specific title or titles thereof, *except for* (a) the LCTC Purchase Provisions, (b) the CREB Provisions, and (c) any special covenant or other specific term set forth on Schedule 1 to any Prior Loan Document, unless otherwise explicitly agreed to in writing by CFC, or superseded by explicit reference thereto in this Agreement. For purposes of the foregoing, this Section 8.14 shall be deemed to amend all Prior Loan Documents, and notwithstanding termination of this Agreement for any reason, this Section 8.14 shall nevertheless survive and shall continue to amend each Prior Loan Document for as long as the respective Prior Loan Document is in effect, but only with respect to the matters set forth in this Section 8.14.

Section 8.15 Binding Effect. This Agreement shall become effective when it shall have been executed by both the Borrower and CFC and thereafter shall be binding upon and inure to the benefit of the Borrower and CFC and their respective successors and assigns.

Section 8.16 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same document. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document.

Section 8.18 Schedule 1. Schedule 1 attached hereto is an integral part of this Agreement.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

SULPHUR SPRINGS VALLEY
ELECTRIC COOPERATIVE, INC.

(SEAL)

By: *Dan Bane*

Title: *President*

Attest: _____
 Secretary

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

(SEAL)

By: *Marianne Dusold*
 Assistant Secretary-Treasurer

MARIANNE L DUSOLD

Attest: *Elaine M. Macdonald* ELAINE M. MACDONALD
 Assistant Secretary-Treasurer

SCHEDULE 1

1. The Borrower shall use the proceeds of this loan to finance electric work plan and for such other purposes as CFC may approve from time to time
2. The aggregate CFC Commitment is up to \$72,680,000.00, subject to the limitations set forth in this Agreement. Within this aggregate amount, the Borrower may, at its discretion, execute one or more Notes, each Note representing a separate loan with CFC and containing a face amount and Maturity Date in accordance with the terms, conditions and provisions of this Agreement.
3. Draw Period shall mean the period of beginning on the date hereof and ending on the date that is four (4) years thereafter.
4. The Mortgage shall mean the Amended and Restated Real Estate Mortgage and Security Agreement, dated as of April 20, 2011, between the Borrower, CFC and the Alternate Lender(s), as it may have been supplemented, amended, consolidated, or restated from time to time.
5. The Notes executed pursuant hereto and the amortization method for such Notes are as follows:

LOAN NUMBER	AMOUNT	AMORTIZATION METHOD
AZ014-V-9052	\$72,680,000.00	To be determined at time of Advance

6. The Payment Date months are March, June, September and December.
7. The Subsidiaries of the Borrower referred to in Section 2.01.B are:

<u>Name of Subsidiary</u>	<u>% of Borrower's ownership</u>
None	N/A
8. The date of the Borrower's balance sheet referred to in Section 2.01.H is June 30, 2010.
9. The Borrower's exact legal name is: Sulphur Springs Valley Electric Cooperative, Inc.
10. The Borrower's organizational type is: corporation.
11. The Borrower is organized under the laws of the state of: Arizona
12. The Borrower's organizational identification number is: 0038220-2
13. The place of business or, if more than one, the chief executive office of the Borrower referred to in Section 2.01.I is 311 East Wilcox, Sierra Vista, AZ 85635.
14. The Governmental Authority referred to in Section 2.01.J is: the Arizona Corporation Commission.
15. The special condition referred to in Section 4.01.I is:

A. Fees. Borrower shall have paid all fees described in the Letter Agreement, as and when due.

16. The special covenants referred to in Section 5.01.P are as follows:

A. Request and Acceptance of Funds. Borrower covenants and agrees that until payment in full of the Note and performance of all obligations of the Borrower hereunder, the Borrower shall neither request nor accept funds under the CFC Loan or the Alternate Loan if doing so would result in the sum of the outstanding balances of the CFC Loan and the Alternate Loan exceeding \$72,680,000.00.

B. Requests for Quotes and Balance Certification for Quote.

(i) Not less than twenty-four (24) hours prior to the time it desires a rate quote for a proposed Advance hereunder, or for a rate quote on an advance of funds under the Alternate Loan, Borrower shall submit to both CFC and Alternate Lender, and CFC may rely conclusively upon, a statement (the "Balance Certification for Quote" or "Certificate") in substantially the form attached hereto, signed by Borrower's Chief Financial Officer, specifying and certifying, as of the date of such Certificate, for each of the CFC Loan and the Alternate Loan, individually, the total outstanding balance, including the date and amount of any funds requested that are pending advance and, therefore, are not, as of the date of the Certificate, reflected in the outstanding balances. In addition to the foregoing, each Certificate will set forth the amount and purpose of the proposed Advance or advance of funds.

(ii) Using the Certificate submitted by the Borrower, CFC will provide Borrower and Alternate Lender, from CFC's records, the total outstanding balance for the CFC Loan, including the date and amount of any funds requested that are pending advance and, therefore, are not, as of the date of the Certificate, reflected in the outstanding balances ("CFC's Response"). Borrower will obtain from Alternate Lender and provide to CFC, or will ensure that Alternate Lender provides to CFC directly, corresponding information from Alternate Lender's records concerning the Alternate Loan ("Alternate Lender's Response"). Borrower agrees that CFC and Alternate Lender may, but shall not be obligated to, communicate with each other concerning the information set forth in Borrower's Certificate or the response of either party to same.

(iii) Within forty-eight (48) hours of CFC submitting the CFC Response, Borrower will use the Certificate, prior to requisitioning or accepting an Advance hereunder (or under the Alternate Loan) or requesting another quote, to notify CFC and Alternate Lender that it has determined (a) to accept a quote and to requisition an advance (identifying the lender and providing the amount of the advance to be requisitioned); or (b) not to accept any of the quotes provided. If Borrower elects not to accept any of the quotes, Borrower will not thereafter request or accept an advance without submitting an updated Certificate supporting a request for a quote on such an advance, whereupon the lenders will again respond and Borrower will use the Certificate as provided in the foregoing subparagraphs (ii) and (iii). Borrower agrees that it shall not, before the expiration of twenty-four (24) hours following CFC's receipt of the Alternate Lender's Response, request or make an election to request an advance under the Alternate Loan.

C. Representations and Warranties in Certificate. The Borrower represents, warrants, covenants and agrees that, unless Borrower has advised CFC to the contrary and CFC has acknowledged such advice in writing to Borrower, Borrower's statements made in any

Certificate shall be true, accurate, correct and complete when made, and on and as of (i) the date of any corresponding Funds Requisition Statement, and (ii) the date of any corresponding Advance, just as though such statements had been made on and as of the actual date of the Funds Requisition Statement and the actual date of the requisitioned Advance.

17. The address for notices to the Borrower referred to in Section 8.01 is 311 East Wilcox Sierra Vista, AZ 85635, Attention: General Manager, Fax: (520) 384-5223.

**[BORROWER'S LETTERHEAD]
Balance Certification for Quote***

Borrower Name	CFC Loan No.	Alternate Loan No.
Sulphur Springs Valley Electric Cooperative	AZ014- -	

In accordance with the loan agreements referenced above, I hereby certify, as of the date of my signature below, that: (1) I am duly authorized to make this certification on behalf of Borrower; (2) the following truly, accurately and completely sets forth the specified information:

Outstanding Balance CFC Loan	Outstanding Balance Alternate Loan	Amount of Proposed Advance	Total

Purpose of Proposed Advance			

I further certify that the advance of funds proposed herein will not result in the sum of the outstanding balances of the CFC Loan and the Alternate Loan exceeding \$72,680,000.00.

Certified By: _____
Signature Date Title of Authorized Officer

»LENDERS PLEASE QUOTE BASED ON THE FOLLOWING:

»BORROWER PLEASE FAX or EMAIL COMPLETED FORM TO BOTH LENDERS:

CFC at: 703-709-6776 Attn.: Marianne Dusold AVP, MSG Electric Marianne.dusold@nrucfc.coop	Alternate Lender at: _____ Attn.: _____ (Title) (Email)	Borrower at: _____ Attn.: _____ (Title) (Email)
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FOR LENDERS' USE ONLY

(Lenders: Complete each cell; return form to the Borrower and the other lender via fax or email; DO NOT SEND YOUR QUOTE TO THE OTHER LENDER)

CFC Records	<small>(Write amount of outstanding balance)</small>	<small>(Write amount of any funds requested that do not yet show in outstanding balance, excluding the proposed advance)</small>	<small>(Write date(s) of any requested amounts referenced in prior column)</small>	COMPLETED BY (INITIALS)
As of: (Date)				
Alternate Lender Records	<small>(Write amount of outstanding balance)</small>	<small>(Amount of any funds requested that do not yet show in outstanding balance, excluding the proposed advance)</small>	<small>(Write date(s) of previous request(s), if any)</small>	COMPLETED BY (INITIALS)
As of: (Date)				

BORROWER'S RESPONSE TO QUOTES

Borrower, as of this ____ day of _____, 20____, having received quotes for the proposed advance referenced herein, has determined:

- to request an advance of \$ _____ from CFC Alternate Lender; or
 not to request an advance at this time.

Borrower will submit a new Balance Certification for Quote when and if it desires to obtain new quotes or desires to request an advance.

Certified By: _____
Signature Date Title of Authorized Officer

* This form to be completed and submitted by Borrower to both lenders not less than 24 hours in advance of requesting a quote.

COOP	21-bal trsf	21-bal trsf	deposit	deposit	deposit	manual bill	misc chg/	membership	NSF	late prmt chg	collect chgs	UA Tran	Billing	Calculated	system	Difference
balance	48-CIAC	48-CIAC	applied	interest	Apppl	adjustments	credits	fees	charge	Penalty	Non-Pay	T 145		balance		
5/7/11	21/18	21/18	T 22	T 22	T 22	T 110	T 125	T 20	T 12	T 12/17/17	T 126					
222.92			(35,449.75)	(5.20)	(836.73)	1,149.13	260.67	(427,751.26)					5,687,811.64	5,687,811.64		
2,136.48			(1,754.98)	(0.67)	(131.48)	2,705.85	1,642.98	(61,107.01)	(75.00)				5,098,453.08	5,098,453.08		
450.00			(3,533.34)	(0.79)	964.25	184.55	2,681.94	(118,906.88)	(95.00)	(0.87)			4,392,452.96	4,392,452.96		
			6,134.74	(0.12)	(12.85)	209.39		(348,480.59)	90.00	757.25			3,734,377.57	3,734,377.57		
			(4,329.00)	(0.46)	(80.54)	80.54		(142,615.44)					3,696,114.01	3,696,114.01		
12,244.41			21,637.50	(0.61)	(14.50)	1,460.30		(47,893.21)	5.00	(1.52)			3,851,292.67	3,851,292.67		
240.04			530.34	(5.93)	1,533.32	1,533.32		(68,366.73)	80.00				3,851,292.67	3,851,292.67		
			6,626.00	(0.33)	(53.69)	1,288.50		(333,940.05)	75.00				3,851,292.67	3,851,292.67		
			(5,183.00)	(0.83)	(265.57)	166.44		(91,780.54)	55.00	943.42			2,897,377.14	2,897,377.14		
450.00			4,917.25	(0.28)	(245.81)	1,503.25		(133,328.52)	5.00				2,996,334.08	2,996,334.08		
17,057.40			981.43	(0.43)	(395.49)	548.43		(94,828.21)	(40.00)	552.00			2,996,334.08	2,996,334.08		
500.00			1,660.00	(0.14)	(57.76)	172.40		(58,665.68)	60.00	770.35			2,790,537.43	2,790,537.43		
			82,163.03	(0.14)	(201.30)	1,025.60		(332,424.30)	40.00	946.61			3,617,101.95	3,617,101.95		
1,537.16			837.83	(0.23)	(16.85)	1,664.44		(34,896.02)	(60.00)	(0.75)			3,764,520.11	3,764,520.11		
3,536.29			7,124.66	(0.10)	(2,636.05)	2,636.05		(48,872.31)	85.00	1,011.92			3,764,520.11	3,764,520.11		
			19,854.26	(0.34)	(1,143.57)	1,143.57		(95,476.63)	70.00				4,320,251.96	4,320,251.96		
			(5,872.34)	(0.39)	(201.30)	1,025.60		(98,732.72)	10.00	698.03			4,668,689.21	4,668,689.21		
			1,408.33	(0.15)	(63.54)	257.70		(79,426.14)	10.00				6,496,678.38	6,496,678.38		
40,449.71			120,603.94	(20.18)	(1,576.55)	19,914.88		(8,610,927.20)	(5.00)	6,819.54			6,016,558.43	6,016,558.43		
													8,743,162.67	8,743,162.67		
													5,532,749.83	5,532,749.83		
													6,016,558.43	6,016,558.43		
													8,939,673.99	8,939,673.99		
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													6,016,558.43	6,016,558.43		
													8,743,162.67	8,743,162.67		
													6,016,558.43	6,016,558.43		

agreeable to CoBank in its sole discretion in each instance; provided, however, that: (1) rates may not be fixed for periods of less than 180 days; (2) rates may only be fixed on balances or multiples of \$500,000; and (3) for each Loan, the maximum number of balances that may be subject to this option at any one time shall be ten (10).

Subject to the limitations set forth above and any Forward Fixed Rate Agreement between the parties, the Company shall select the applicable rate option or options on the date each Loan is made hereunder and may, on any Business Day, elect to convert balances bearing interest at the Variable Rate Option to the Quoted Fixed Rate Option. Upon the expiration of any Quoted Fixed Rate Period, interest shall automatically accrue at the Variable Rate Option unless the amount fixed is repaid or fixed for an additional period in accordance with the terms hereof. Notwithstanding the foregoing, rates may not be fixed in such a manner as to cause the Company to have to break any fixed rate balance prior to the last day of the Quoted Fixed Rate Period in order to pay any installment of principal. All elections provided for herein shall be made telephonically or in writing and must be received by 12:00 Noon Company's local time. Interest shall be: (1) calculated quarterly in arrears as of the last day of each February, May, August, and November and, for each Loan, on the final maturity date of the Loan; and (2) due and payable by the 20th day of each March, June, September, and December, and, for each Loan, on the final maturity date of the Loan.

SECTION 6. Loan Origination Fee. (Waived by CoBank.)

SECTION 7. Promissory Note. The Company promises to repay the principal balance of each Loan in consecutive quarterly installments, each due on the 20th day of each March, June, September and December, with the first installment due on the first of such dates to occur after the date the Loan is made, and the last installment due on the first of said dates to occur after the final maturity of the Existing Loan; provided, however, that in no event may the Loan (or the Existing Loan being refinanced therewith) mature later than March 20, 2041. The amount of each installment shall be the same principal amount that would be due and payable if the Loan was payable in level installments of principal and interest and such schedule was calculated utilizing the "CoBank Base Rate" (as hereinafter defined) on the date hereof as the rate of interest accruing on the Loan. Notwithstanding the foregoing, if at the time the Loan is made, the Company fixes the rate of interest on the entire amount of Loan until the final maturity thereof (or such Loan is fixed to final maturity pursuant to a Forward Fixed Rate Agreement), then, at the Company's option (exercisable at the time a Forward Fixed Rate Agreement is entered into or, in other cases, at the time the Loan is fixed), such schedule shall be calculated utilizing such fixed rate. If requested by the Company, CoBank shall provide a repayment schedule for each Loan. In addition to the above, the Company promises to pay interest on the unpaid principal balance of each Loan at the times and in accordance with the provisions set forth above. If any date on which principal or interest is due is not a Business Day, then such payment shall be due and payable on the next Business Day and, in the case of principal, interest shall continue to accrue on the amount thereof. For purposes hereof, the "CoBank Base Rate" shall mean the rate announced by CoBank from time to time as the CoBank Base Rate, which rate is intended by CoBank to be a reference rate and not its lowest rate.

SECTION 8. Prepayment. Subject to Section 10.01 of the MLA, the Company may, on three Business Day's prior written notice, prepay the Loans in whole or in part. All partial prepayments shall be applied to such Loans, to such installments of principal thereon, and to such interest rate elections as CoBank shall specify.

SECTION 9. Security. The Company's obligations hereunder and, to the extent related hereto, the MLA shall be secured as provided in Section 2.04 of the MLA. Without limiting the foregoing, the Company's obligations hereunder and, to the extent related hereto, the MLA shall be secured by that

certain Amended and Restated Real Estate Mortgage and Security Agreement dated as of April 20, 2011, among the Company, CFC, and CoBank, as same may be amended, supplemented or restated from time to time (the "Mortgage").

SECTION 10. Additional Conditions Precedent. In addition to the conditions precedent set forth in the MLA, CoBank's obligation to make each Loan is subject to the conditions precedent that CoBank shall have received each of the following (which, in the case of instruments and documents, must be in form and content acceptable to CoBank):

(A) **Request for Loan.** A duly completed and executed Request for Loan;

(B) **CFC Payoff Letter.** A payoff letter from CFC setting forth, as of the Funding Date, the unpaid principal balance of the Existing Loan(s) being refinanced, the interest accrued thereon, and any prepayment premiums, surcharges and other amounts owing to CFC for or on account of the Existing Loan(s);

(C) **Additional CFC Payment.** Immediately available funds in an amount sufficient to pay all interest accrued on the Existing Loan(s) being refinanced through the Funding Date, together with all prepayment premiums, surcharges, and other amounts necessary to discharge all of the Company's obligations to CFC for or on account of the Existing Loans (the "Additional CFC Payment"); and

(D) **Lien Searches.** If requested by CoBank, such evidence as CoBank may reasonably require that there are no Liens on any property of the Company other than Liens permitted by the MLA.

SECTION 10. Additional Affirmative Covenants. In addition to the Affirmative Covenants set forth in the MLA, the Company agrees that if for any reason the funds remitted to CFC are insufficient to discharge all of the Company's obligations to CFC for or on account of the Existing Loan(s), the Company will promptly make such additional payments to CFC as may be required to discharge such obligations in full.

IN WITNESS WHEREOF, the parties have caused this Promissory Note and Supplement to the MLA to be executed by their duly authorized officers as of the date shown above.

CoBANK, ACB

**SULPHUR SPRINGS VALLEY ELECTRIC
COOPERATIVE, INC.**

By: [Signature]

By: [Signature]

Title: Assistant Corporate Secretary

Title: President

**Exhibit A
Existing CFC Loans**

CFC Loan No	CFC Loan No
9007001	9030004
9010001	9030005
9013001	9030006
9016001	9030007
9017001	9030008
9018001	9030009
9019001	9030010
9020001	9030011
9021001	9030012
9022001	9030013
9023001	9030014
9026001	9030015
9026002	9030016
9026003	9030017
9026004	9030018
9026005	9030019
9027001	9030020
9028001	9030021
9028002	9030023
9029008	9030024
9029009	9033001
9029010	9033002
9029011	9033003
9029012	9033004
9029013	9033006
9029014	9033007
9029015	9033008
9029016	9033009
9029017	9033010
9029018	9033011
9029019	9033012
9029020	9033013
9029021	9033014
9029022	9033015
9029023	9033016
9029024	9033018
9029025	9033019
9030001	9033021
9030002	9033022
9030003	9033 *

* There are some unadvanced funds that are on CFC loan 9033 that will eventually be drawn and will be subject to being refinanced.

INTEREST REDUCTION AGREEMENT

THIS INTEREST REDUCTION AGREEMENT (this "Agreement") is entered into as of April 20, 2011, between **SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.**, an Arizona corporation (the "Company"), and **CoBANK, ACB**, a federally chartered instrumentality of the United States ("CoBank").

BACKGROUND

CoBank and the Company are parties to a Promissory Note and Supplement dated as of the date hereof and numbered RX0850T2 (the "Supplement"). The parties have agreed to certain reductions in the amount of interest payable under the Supplement. To evidence the agreement of the parties, and to evidence certain agreements relating thereto, the parties are entering into this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. Defined Terms. All capitalized terms used herein and not defined herein shall have the meanings given to those terms in the Supplements.

SECTION 2. Interest Reduction. Notwithstanding anything contained in the Supplement to the contrary, CoBank agrees to reduce the amount of interest on each Loan that would otherwise be due and payable to CoBank on the first interest payment date under each Supplement, by an amount equal to the lesser of: (1) the prepayment surcharges owing to CFC as a result of the refinancing contemplated by the Supplement; and (2) a fee in an amount equal to 33 basis points on the amount of the Loan. To the extent inconsistent herewith, the Supplement is hereby deemed amended.

SECTION 3. Prepayment. In consideration of the reduction, the Company agrees that in the event it prepays a Loan on or before the fifth anniversary of the date on which the Loan is made, then, in addition to any prepayment surcharge provided in Section 10.01 of the MLA, the Company will: (A) in the event a Loan is prepaid in full, reimburse CoBank for the full amount of the interest reduction provided in Section 2 hereof; and (B) in the case of a partial prepayment, reimburse CoBank for a portion of the interest rate reduction equal to the percent to which the amount prepaid bears to the original amount of the Loan.

SECTION 4. Confirmation. Except as modified herein, the Supplement shall remain in full force and effect as written.

SECTION 5. Confidentiality. The Company agrees to keep this Agreement and the contents hereof confidential and not to disclose same outside of the Company (other than to its accountants and attorneys that need to know about this Agreement), unless compelled to do so under law.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers as of the date shown above.

CoBANK, ACB

By: _____

Title: _____

[Signature]
Assistant Corporate Secretary

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

By: _____

Title: _____

[Signature]
President

F. ANN RODRIGUEZ, RECORDER
Recorded By: CR

DEPUTY RECORDER
4376

W
LAW OFFICES OF CHRISTOPHER HITCHCOCK
PO BOX AT
BISBEE AZ 85603



SEQUENCE: 20111230240
NO. PAGES: 39
AMEN 05/03/2011 14:03
MAIL
AMOUNT PAID: \$47.00

WHEN RECORDED MAIL TO:

Law Offices of Christopher Hitchcock, P.L.C.
P. O. Box AT
Bisbee, AZ 85603-0115

THE ABOVE SPACE RESERVED FOR RECORDING INFORMATION

**Amended and Restated Real Estate Mortgage and Security Agreement
Sulphur Springs Valley Electric Cooperative, Inc.**

DO NOT REMOVE

THIS IS PART OF THE OFFICIAL DOCUMENT

**AMENDED AND RESTATED
REAL ESTATE MORTGAGE
AND
SECURITY AGREEMENT**

Made By And Among

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

P.O. Box 820
Willcox, Arizona 85644
Organizational ID Number: 0038220-2
Organizational Type: Arizona Corporation
as Mortgagor

and

**NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION**
2001 Cooperative Way, Herndon, Virginia 20171-3025
as Mortgagee

and

COBANK, ACB
5500 South Quebec Street
Greenwood Village, Colorado 80111
as Mortgagee

Dated as of April 20, 2011

THIS INSTRUMENT CONSTITUTES A MORTGAGE AND SECURITY AGREEMENT COVERING BOTH REAL AND PERSONAL PROPERTY OF A TRANSMITTING UTILITY ENGAGED IN THE DISTRIBUTION OF POWER AND IS TO BE CROSS INDEXED IN ALL INDICES IN WHICH ARE RECORDED LIENS, MORTGAGES, OR OTHER ENCUMBRANCES AGAINST REAL AND PERSONAL PROPERTY.

THIS INSTRUMENT CONSTITUTES A LIEN ON ALL AFTER ACQUIRED PROPERTY OF THE MORTGAGOR.

THIS INSTRUMENT CONTAINS FUTURE ADVANCE PROVISIONS.



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THIS AMENDED AND RESTATED MORTGAGE AND SECURITY AGREEMENT, dated as of April 20, 2011 ("Mortgage"), is made by and between SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC., an Arizona corporation (hereinafter called the "Mortgagor"), a corporation existing under the laws of the State of Arizona, NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (hereinafter called "CFC" or "Mortgagee"), a cooperative association incorporated under the laws of the District of Columbia, and COBANK, ACB (hereinafter called "CoBank" or "Mortgagee"), a federally chartered instrumentality of the United States.

RECITALS

WHEREAS, the Mortgagor and CFC are parties to the "Original Mortgage" (as hereinafter defined);

WHEREAS, the Mortgagor has heretofore borrowed funds from CFC pursuant to one or more "Outstanding Loan Agreements" (as hereinafter defined), has duly authorized, executed and delivered to CFC the "Original CFC Notes" (as hereinafter defined), and has secured the Original CFC Notes by the Original Mortgage;

WHEREAS, the Mortgagor deems it necessary to borrow additional sums from CoBank pursuant to the "Current CoBank Loan Agreement" (as hereinafter defined), to issue new notes to evidence the same (the "Current CoBank Notes"), and to secure the Current CoBank Notes on a parity with all other "Notes" (as hereinafter defined) secured hereby;

WHEREAS, the Mortgagor deems it necessary to borrow additional sums from CFC pursuant to the "Current CFC Loan Agreement" (as hereinafter defined), to issue new notes to evidence the same (the "Current CFC Notes"), and to secure the Current CFC Notes and the Original CFC Notes on a parity with all other "Notes" (as hereinafter defined) secured hereby;

WHEREAS, this Mortgage, while preserving the priority of CFC's Lien under the Original Mortgage, amends and restates the Original Mortgage, secures the payment of the Original CFC Notes (as identified more particularly in the "Instruments Recital" (as hereinafter defined)), the Current CoBank Notes and the Current CFC Notes, and further secures the payment of any "Additional Notes" (as hereinafter defined); and

WHEREAS, the Mortgagor, CFC and CoBank are authorized to enter into this Mortgage;

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants contained herein, do agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Capitalized terms used in this Mortgage shall have the meanings specified below. The terms defined herein include the plural as well as the singular and the singular as well as the plural.

Accounting Requirements shall mean any system of accounts prescribed by a federal regulatory authority having jurisdiction over the Mortgagor or, in the absence thereof, the

requirements of generally accepted accounting principles applicable to businesses similar to that of the Mortgagor.

Additional Notes shall mean any Notes issued by the Mortgagor to a Mortgagee or any other lender pursuant to Article III hereof.

Business Day shall mean any day that both CoBank and CFC are open for business.

CFC is defined in the introductory clause to this Mortgage and shall include its successors and assigns.

CFC Notes shall mean the Original CFC Notes, the Current CFC Notes and any Additional Notes issued by the Mortgagor to CFC.

CoBank is defined in the introductory clause to this Mortgage and shall include its successors and assigns.

CoBank Notes shall mean the Current CoBank Notes and any Additional Notes issued by the Mortgagor to CoBank.

Current CFC Loan Agreement means those certain loan agreements by and between CFC and the Mortgagor identified as such in the Instruments Recital, together with all amendments, supplements thereto and restatements thereof.

Current CFC Notes shall mean the Notes more particularly described in Appendix A hereto and issued under the Current CFC Loan Agreement.

Current CoBank Loan Agreement means those certain loan agreements by and between CoBank and the Mortgagor identified as such in the Instruments Recital, together with all amendments, supplements thereto and restatements thereof.

Current CoBank Notes shall mean the Notes more particularly described in Appendix A hereto and issued under the Current CoBank Loan Agreement.

Debt Service Coverage Ratio ("DSC") shall mean the ratio determined as follows: for each calendar year add (a) Operating Margins, (b) Non Operating Margins--Interest, (c) Interest Expense, and (d) Depreciation and Amortization Expense, and divide the total so obtained by an amount equal to the sum of all payments of Principal and Interest Expense required to be made during such calendar year; provided, however, that in the event that any Long-Term Debt has been refinanced during such year the payments of Principal and Interest Expense required to be made during such year on account of such Long-Term Debt shall be based (in lieu of actual payments required to be made on such refinanced debt) upon the larger of (i) an annualization of the payments required to be made with respect to the refinancing debt during the portion of such year such refinancing debt is outstanding or (ii) the payment of Principal and Interest Expense required to be made during the following year on account of such refinancing debt.

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

Electric System shall mean, and shall be broadly construed to encompass and include, all real and personal property of the Mortgagor of every type and description used or useful in the generation, transmission, or distribution of electric power and energy, including, without limitation, all power plants, wind farms, transmission lines, substations, distribution lines, and all conservation, load management, general plant and related facilities, fixtures, equipment or property.

Equities and Margins shall mean Mortgagor's equities and margins computed pursuant to the Accounting Requirements.

Equity shall mean the aggregate of Mortgagor's Equities and Margins as computed pursuant to the Accounting Requirements.

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

Excepted Property shall have the meaning set forth in the Granting Clause.

Fiscal Year shall mean the fiscal year of the Mortgagor.

Independent shall mean a person or entity who (i) does not have any direct financial interest in the Mortgagor or in any affiliate of the Mortgagor and (ii) is not connected with the Mortgagor as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

Instruments Recital shall mean Appendix A hereto.

Interest Expense shall mean an amount constituting the interest expense with respect to Total Long-Term Debt of the Mortgagor as computed pursuant to the Accounting Requirements. In computing Interest Expense, there shall be added, to the extent not otherwise included, an amount equal to 33-1/3% of the excess of Restricted Rentals paid by the Mortgagor over two percent (2%) of the Mortgagor's Equities and Margins.

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

Loan Agreements shall mean all loan, credit or reimbursement agreements, including, but not limited to, the Outstanding Loan Agreements, the Current CFC Loan Agreements and the Current CoBank Loan Agreement, by and between the Mortgagor and CoBank, CFC, or another Mortgagee, in connection with the execution and delivery of any Note secured hereby, and all amendments and supplements thereto and restatements thereof.

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

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

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

Mortgage shall mean this Amended and Restated Mortgage and Security Agreement, as it may be amended or supplemented from time to time.

Mortgaged Property shall have the meaning specified in Section 2.01 hereof.

Mortgagee or Mortgagees shall mean CFC, CoBank and any other lender pursuant to this Mortgage that enters into a supplemental mortgage in accordance with Article III hereof.

Non-Operating Margins--Interest shall mean the amount of non-operating margins--interest of Mortgagor as computed pursuant to the Accounting Requirements.

Net Utility Plant shall mean the amount constituting the total utility plant of the Mortgagor less depreciation, as computed pursuant to Accounting Requirements.

Note or Notes shall mean one or more of the CFC Notes, one or more of the CoBank Notes and any Additional Notes which pursuant to Article III may, from time to time, evidence indebtedness of the Mortgagor to Mortgagees other than CFC or CoBank (all of which are secured under this Mortgage).

Operating Margins shall mean the net amount of operating revenue and patronage capital less the total cost of electric service of the Mortgagor as computed pursuant to the Accounting Requirements.

Original CFC Notes shall mean the promissory notes made by the Mortgagor payable to the order of CFC, as identified in the Instruments Recital.

Original Mortgage shall mean that certain Restated Mortgage and Security Agreement, dated as of December 6, 2007, by and between the Mortgagor and CFC, and as supplemented, amended or restated, identified in the Instruments Recital.

Outstanding Loan Agreements shall mean those loan agreements between Mortgagor and CFC identified as such in the Instruments Recital.

Permitted Encumbrances shall mean:

- (i) any Liens for taxes, assessments or governmental charges for the current year and taxes, assessments or governmental charges due but not yet delinquent;
- (ii) Liens for worker's compensation awards and similar obligations not then delinquent;
- (iii) 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 and which are stayed;
- (iv) 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 by a deposit or pledge or which are insignificant in amount;

- (v) 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;
- (vi) 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 hereof or to regulate the property and business of the Mortgagor;
- (vii) attachment of judgment liens which are stayed and covered by insurance (to the extent of the insurance coverage), or upon appeal and covered by bond;
- (viii) deposits or pledges to secure payment of worker's compensation, unemployment insurance, pensions or other social security;
- (ix) deposits or pledges to secure performance of bids, tenders, contracts (other than contracts for the payment of borrowed money), leases, public or statutory obligations;
- (x) deposits or pledges to secure surety or appeal bonds, and other deposits or pledges for purposes of like general nature in the ordinary course of business;
- (xi) 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;
- (xii) 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;
- (xiii) 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;
- (xiv) any Lien reserved as security for rent or compliance with other provisions of the lease in case of any leasehold estate made, or existing on property acquired in the ordinary course of business or in connection with Restricted Rentals permitted by Section 4.03;
- (xv) Liens for purchase money indebtedness permitted by Section 4.03; and
- (xvi) Liens arising hereunder or under a supplemental mortgage hereto to secure Additional Notes.

(xvii) The interests of the Department of Energy in assets purchased in whole or in part with grant funds provided by the Department of Energy and any lien or security interest that may arise in connection therewith; provided, however, that such interest and any lien or security interest arising in connection therewith is subordinate to the lien of this Mortgage as and to the extent provided in the letter dated November 22, 2010, from the Mortgagor to the United States Department of Energy, and agreed to and confirmed by the United States Department of Energy by signature dated November 30, 2010, a copy of which has been furnished by the Mortgagor to each Mortgagee.

Potential Default shall mean the occurrence of any event which with the giving of notice and/or the passage of time and/or the occurrence of any other condition would ripen into an Event of Default.

Principal shall mean the amount of principal billed on account of Total Long-Term Debt of Mortgagor as computed pursuant to the Accounting Requirements.

Principal Mortgagees shall mean each of (a) CFC, (b) CoBank and (c) any other Mortgagee holding Notes the outstanding principal balance of which equals at least 25% of the total outstanding principal balance of all Notes at the time secured hereunder.

Restricted Rentals shall mean all rentals required to be paid under finance leases and charged to income, exclusive of any amounts paid under any such lease (whether or not designated therein as rental or additional rental) for maintenance or repairs, insurance, taxes, assessments, water rates or similar charges. For the purpose of this definition, the term "finance lease" shall mean any lease having a rental term (including the term for which such lease may be renewed or extended at the option of the lessee) in excess of 3 years and covering property having an initial cost in excess of \$250,000 other than automobiles, trucks, trailers, other vehicles (including without limitation aircraft and ships), office, garage and warehouse space and office equipment (including without limitation computers).

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

Subordinated Indebtedness shall mean indebtedness of the Mortgagor, payment of which shall be subordinated to the prior payment of the Notes by a subordination agreement in form and substance satisfactory to the Principal Mortgagees, which approval will not be unreasonably withheld.

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

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

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

Uniform Commercial Code shall mean the Uniform Commercial Code of the jurisdiction governing construction of this Mortgage.

Utility Facilities shall mean, and shall be broadly construed to encompass and include, the Electric System and all real and personal property of the Mortgagor used in whole or in part in connection with any other utility operation now or hereafter conducted by the Mortgagor, including, without limitation,, telephone, radio, television, other image and data communications, cable or satellite television, water or wastewater, solid waste disposal, or natural gas, propane, or other fossil fuels.

Section 1.02. Construction of Mortgage. Accounting terms used in this Mortgage and not referred to above shall have the meanings assigned to them under generally accepted accounting principles. The singular shall include the plural, and vice versa, as the context requires.

ARTICLE II

SECURITY

Section 2.01. Granting Clause. In order to secure equally and ratably the payment of the principal of (and premium, if any) and interest on and any other amount due under the Notes, according to their tenor and effect, and any and all future obligations and advances which may be evidenced by the Notes, whether such future obligations and advances are made as an obligation, made at the option of a Mortgagee, made after reduction to zero or other balance, or made otherwise and whether such future obligations and advances are direct, indirect, contingent or otherwise, to the same extent as if such future obligations and advances were made on the date hereof, up to the Maximum Debt Limit, if any, and further to secure the due performance of the covenants, agreements and provisions contained in this Mortgage and the Loan Agreements, and to declare the terms and conditions upon which the Notes are to be secured, the Mortgagor, in consideration of the premises, has executed and delivered this Mortgage, and has granted, bargained, sold, conveyed, warranted, assigned, transferred, mortgaged, pledged 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 the Mortgagor does hereby grant to the Mortgagees, for the purposes herein expressed, a security interest in the following properties, assets and rights of the Mortgagor, wherever located, whether now existing or hereafter acquired or arising, and all proceeds and products thereof (hereinafter sometimes called the "Mortgaged Property"):

I

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

(B) All right, title and interest of the Mortgagor in, to and under any and all grants, privileges, rights of way, easements, licenses, and all other interest in real property, whether now existing or hereafter acquired and wherever located, including, without limitation, those located in the counties listed in Schedule B hereto;

(C) All right, title and interest of the Mortgagor in and to (a) the Utility Facilities now existing and located in the counties listed in Appendix B hereto or hereafter constructed or acquired by the Mortgagor, wherever located, and (b) all extensions and improvements thereof and additions thereto, including any and all other property of every kind, nature and description, used, useful or acquired for use by the Mortgagor in connection therewith;

II

All right, title and interest of the Mortgagor in, to and under any and all licenses, franchises, ordinances, privileges and permits heretofore granted, issued or executed, or which may hereafter be granted, issued or executed, to it or to its assignors by 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 the Mortgaged Property (including, without limitation, the Utility Facilities), insofar as the same may by law be assigned, granted, bargained, sold, conveyed, transferred, mortgaged or pledged;

III

All right, title and interest of the Mortgagor in, to and under any and all agreements, leases or contracts heretofore or hereafter executed by and between the Mortgagor and any person, firm or corporation, including, without limitation, contracts: (1) for the lease, occupancy or sale of the Mortgaged Property, or any portion thereof; (2) for the construction, acquisition, use, ownership, operation, or maintenance of any portion of the Utility Facilities, whether owned solely or jointly by the Mortgagor; (iii) for the purchase, sale, exchange, or distribution of electric power, energy, or other utility services, or involving swaps, options, future contracts or other derivative products relating thereof; and (iv) for the interconnection and /or transmission of electric power and energy or other utility services (as each may be amended, supplemented, restated or replaced from time to time).

IV

All right, title and interest of the Mortgagor in, to and under all fixtures and all personal property of every kind and nature, whether now existing or hereafter acquired, including, without limitation, all goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts, chattel paper (whether tangible or electronic), deposit accounts, letters of credit and letter-of-credit rights, commercial tort claims, securities and all other investment property, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, tort claims, and all general intangibles including, without limitation, all payment intangibles, patents, patent applications, trademarks, trademark applications, trade names, copyrights, copyright applications, software, engineering drawings, service marks, service mark applications, customer lists, goodwill, trade secrets, tax refunds and tax refund claims, monies due or recoverable from pension funds, and all licenses, permits, and agreements of any kind or nature pursuant to which the Mortgagor possesses, uses or has authority to possess or use property (whether tangible or intangible) of others or others possess, use or have authority to possess or use property (whether tangible or intangible) of the Mortgagor, and all recorded data of any kind or nature, regardless of the medium of recording including, without limitation, all software, writings, plans, specifications and schematics (as such terms are defined in the applicable Uniform Commercial Code; provided, however, that the term "instrument" shall be such term as defined in Article 9 of the applicable Uniform Commercial Code rather than Article 3), but excluding Excepted Property;

V

To the extent (if any) not included above, all right, title and interest of the Mortgagor in, to and under all stock, bonds, notes, debentures, commercial paper, securities, obligations of any corporation, association, partnership, limited liability company, joint venture, trust, government or any agency or department thereof of any other entity of any kind, and all equity or beneficial interests in, to and under any of the foregoing described entities, whether now existing or hereafter acquired, but excluding Excepted Property;

VI

To the extent (if any) not included above, all right, title and interest of the Mortgagor in, to and under any and all books, records and correspondence relating to the Mortgaged Property, whether now existing or hereafter arising, including, but not limited to: all records, ledgers, leases and computer and automatic machinery software and programs, including without limitation, programs, databases, disc or tape files and automatic machinery print outs, runs and other computer prepared information indicating, summarizing, evidencing or otherwise necessary or helpful in the collection of or realization on the Mortgaged Property;

VII

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 existing or hereafter acquired by the Mortgagor, it being the intention hereof that all such property now existing 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 existing 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, profits, cash, proceeds and benefits at any time derived, received or had from any and all of the above-described property or business operations of the Mortgagor, to the fullest extent permitted by law.

Together with all and singular the tenements, hereditaments and appurtenances belonging or in anywise appertaining to the aforesaid property or any part thereof, with the reversion or reversions, remainders and remainders and all of the tolls, earnings, issues, rents, income, revenues, profits, cash, proceeds and benefits at any time derived, received or had from any and all of the above-described property or business operations of the Mortgagor, to the fullest extent permitted by law.

Except as expressly provided below, there is, however, expressly excepted from the Lien and operation of this Mortgage the following described property whether now owned or hereafter acquired by the Mortgagor (herein sometimes referred to as the "Excepted Property):

- (A) all automobiles, trucks, trailers, tractors or other vehicles (including, without limitation, aircraft or ships, if any) which are titled and/or registered in any state of the United States and owned or used by the Mortgagor;
- (B) any shares of stock, securities, equity or other interests of the Mortgagor in either CoBank or CFC (hereinafter called "Equity In Mortgagees"); and
- (C) the property identified in Appendix "C" hereto.

PROVIDED, HOWEVER, that (i) if, upon the occurrence of an Event of Default, any Mortgagee, or any receiver appointed pursuant to statutory provision or order of court, shall have entered into possession of all or substantially all of the Mortgaged Property, all the Excepted Property (other than the Equity In Mortgagees and the property identified in Appendix C hereto) then owned or thereafter acquired by the Mortgagor shall immediately, and, upon demand of any Mortgagee or such receiver, become subject to the Lien hereof to the extent permitted by law, and any Mortgagee or such receiver may, to the extent permitted by law, at the same time likewise

take possession thereof, and (ii) whenever all Events of Default shall have been cured and the possession of all or substantially all of the Mortgaged Property shall have been restored to the Mortgagor, such Excepted Property shall again be excepted and excluded from the Lien hereof to the extent and otherwise as hereinabove set forth.

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

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 premium, if any) and interest on and any other amount due under 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 Loan Agreements contained, and for the uses and purposes and upon the terms, conditions, provisos and agreements hereinafter expressed and declared.

ARTICLE III

ADDITIONAL SECURED NOTES

Section 3.01. Additional Secured Notes. Without the prior consent of any Mortgagee, the Mortgagor may issue Additional Notes to CoBank, CFC or to the United States of America, acting by and through the administrator of the Rural Utilities Service (including its successors and assigns), which Additional Notes will thereupon be secured *pari passu* equally and ratably under this Mortgage with all other Notes if the following requirements are satisfied on or before the date such Additional Note is issued:

- (A) As evidenced by a certificate of an Independent certified public accountant delivered to each Mortgagee on or before the date of the Additional Note, the Mortgagor shall have achieved for each of the two calendar years immediately preceding the issuance of such Additional Notes, a DSC of not less than 1.35.
- (B) As evidenced by a certificate of an Independent certified public accountant delivered to each Mortgagee on or before the date of the Additional Note, the: (1) Mortgagor's Long-Term Debt shall not exceed 95% of its Net Utility Plant after taking into account the effect of such Additional Notes and any additions to fixed assets constituting Utility Facilities that are to be acquired or constructed with the proceeds of such Additional Notes and (2) the sum of the aggregate principal amount of such Additional Notes (if any) that are not related to the Electric System if added to the aggregate outstanding principal amount of all the existing

Notes (if any) that are not related to the Electric System will not exceed 15% of the Mortgagor's Equity on a pro forma basis.

- (C) As evidenced by a certificate of an Independent certified public accountant delivered to each Mortgagee on or before the date of the Additional Note, the Mortgagor, after taking into account the effect of such Additional Note and any assets being acquired or constructed with the proceeds thereof, shall have Equity greater than or equal to 20% of Total Assets on a pro forma basis.
- (D) As evidenced by a certificate of the general manager of the Mortgagor delivered to each Mortgagee on or before the date of the Additional Note no Potential Default or Event of Default has occurred and is continuing or would result therefrom.

Section 3.02. Refunding or Refinancing Notes. The Mortgagor shall also have the right without the consent of any Mortgagee, so long as no Potential Default or Event of Default has occurred and is continuing hereunder, to issue Additional Notes for the purpose of refunding, substituting for or refinancing any Note so long as the total amount of outstanding indebtedness evidenced by such Additional Notes is not greater than 105% of the outstanding principal balance of the Note being refunded, substituted for or refinanced.

Section 3.03. Other Additional Notes. With the prior written consent of the Principal Mortgagees, the Mortgagor may issue Additional Notes for purposes or under the circumstances not addressed in Section 3.01 or 3.02 hereof, which Additional Notes will thereupon be secured equally and ratably under this Mortgage with all other Notes.

Section 3.04. Further Conditions. The Mortgagor and the holder of such Additional Note will, if required by law or any Principal Mortgagee: (1) amend, supplement, or restate this Mortgage to add the holder of such Additional Note to this Mortgage (if not already a Mortgagee hereunder), to subject to the Lien of this Mortgage any Mortgaged Property being acquired or constructed with the proceeds of such Additional Note, or to add such Additional Note as secured debt under this Mortgage; and (2) file and record such amendment, supplement, or restatement in all places necessary or required by any Principal Mortgagee in order to perfect the Lien of this Mortgage for the benefit of the holder and all the Mortgagees hereunder. The Mortgagor and Mortgagees agree to execute such amendment, supplement or restatement, or such other instruments or documents, as may be reasonably required in order to carry out the intent of this Section, and promptly after the execution and delivery of such Additional Note, the Mortgagor shall provide evidence satisfactory to the Mortgagees (including, without limitation, an opinion of counsel acceptable to the Principal Mortgagees) that the requirements of this section have been satisfied.

ARTICLE IV

PARTICULAR COVENANTS OF THE MORTGAGOR

The Mortgagor covenants with the Mortgagees as follows:

Section 4.01. Authority to Execute and Deliver Notes and Mortgage; All Action Taken; Enforceable Obligations. The Mortgagor is authorized under its articles of incorporation and bylaws and all applicable laws and by corporate action to execute and deliver the Notes and this Mortgage; and the Notes and this Mortgage are, and any Additional Notes

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; Exception for Permitted Encumbrances; Mortgagor to Defend Title and Remove Liens. The Mortgagor warrants that it is the owner of, or has other rights in the Mortgaged Property, that it has good, right and lawful authority to mortgage the Mortgaged Property for the purposes herein expressed, and that the Mortgaged Property is free and clear of any Lien affecting the title thereto, except the Lien of this Mortgage and Permitted Encumbrances. Except as to Permitted Encumbrances which are entitled to priority under law, 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 Mortgaged Property against any and all claims and demands. Subject to the provisions of Section 4.03, or unless approved by the Mortgagees, the Mortgagor will purchase all materials, equipment and replacements to be incorporated in or used in connection with the Mortgaged Property outright and not subject to any conditional sales agreement, chattel mortgage, bailment, lease or other agreement reserving to the seller any right, title or Lien. 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 the Mortgagees), or the franchises, earnings or business of the Mortgagor, as and when the same shall become due and payable; 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 any Lien securing same is stayed and the Mortgagor shall have set aside on its books adequate reserves with respect thereto.

Section 4.03. Additional Permitted Debt. Except as permitted by Section 3.01 hereunder and subject to any additional limitations contained in any Loan Agreement, the Mortgagor shall not incur, assume, guarantee or otherwise become liable in respect of any debt (including Subordinated Indebtedness) other than the following:

- (1) Purchase money indebtedness in non-Electric System property, in an amount not exceeding ten percent (10%) of Total Utility Plant or fifty percent (50%) of Equity, whichever is greater;
- (2) Restricted Rentals in an amount not to exceed five percent (5%) of Equity during any 12 consecutive calendar month period;
- (3) Unsecured current debt and lease obligations incurred in the ordinary course of business including accounts payable for goods and services; and
- (4) Unsecured indebtedness.

Section 4.04. Payment of Notes. The Mortgagor will duly and punctually pay the principal of (and premium, if any) and interest on the Notes at the dates and places and in the manner provided therein, and all other sums becoming due hereunder.

Section 4.05. Preservation of Corporate Existence and Franchises. The Mortgagor will, so long as any of the Notes are 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 be granted or upon it conferred, and will comply with all valid laws, ordinances, regulations and requirements applicable to it or the Mortgaged Property.

Section 4.06. Maintenance of Mortgaged Property. So long as the Mortgagor holds title to the Mortgaged Property, the Mortgagor will at all times maintain and preserve the Mortgaged Property in good repair, working order and condition, ordinary wear and tear excepted, and in compliance with all applicable laws, regulations and orders, and will from time to time make all necessary 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 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, with the consent of the Principal Mortgagees, 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 this Section in respect of the leased facilities and permit the Mortgagor to operate the leased facilities in the event of any failure by the lessee to so comply.

Section 4.07. Insurance; Restoration of Damaged Mortgaged Property. The Mortgagor will take out, as the respective risks are incurred, and maintain the classes and amounts of insurance in conformance with generally accepted utility industry standards for such classes and amounts of coverages of utilities of the size and character of the Mortgagor.

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

In the event of damage to or the destruction or loss of any portion of the Mortgaged Property, unless the Principal Mortgagees shall otherwise agree, the Mortgagor shall promptly 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. Provided that no Potential Default or Event of Default exists, each Mortgagee shall provide to the Mortgagor any insurance proceeds received by such Mortgagee upon such reasonable terms and conditions as such Mortgagee may require in order to ensure that such proceeds are used for the foregoing purpose and that such required replacement or restoration will be completed. The Mortgagor shall replace the lost portion of the Mortgaged Property or shall commence such restoration promptly after such damage, destruction or loss shall have occurred and shall complete such replacement or restoration as expeditiously as practicable and in such a manner as to ensure that such replacement or restoration shall be so completed shall be free and clear of all Liens other than Permitted Encumbrances..

Except to the extent used to replace or repair damaged property as required by this Section, all proceeds of any policy or bond shall, unless otherwise directed by the Mortgagees, be applied to the prepayment of the Notes pro rata according to the unpaid principal amounts thereof (such prepayments to be applied to such Notes and installments thereof as may be designated by the Mortgagees at the time of any such prepayment).

At the request of any Principal Mortgagee, the Mortgagor shall exercise such rights and remedies which it may have under such policy or fidelity bond and which may be designated by such Principal Mortgagee, and the Mortgagor hereby irrevocably appoints such Principal Mortgagee as its agent to exercise such rights and remedies under such policy or bond as such Principal Mortgagee may choose, and the Mortgagor shall pay all costs and expenses incurred by such Principal Mortgagee in connection with such exercise.

Section 4.08. Mortgagees' Right to Expend Money to Protect Mortgaged Property. The Mortgagor agrees that any Principal Mortgagee from time to time hereunder may in its sole discretion, but shall not be obligated to, after having given five (5) Business Days prior written notice to Mortgagor, advance funds on behalf of Mortgagor, in order to insure Mortgagor's compliance with any covenant, warranty, representation or agreement of Mortgagor made in or pursuant to this Mortgage or any Loan Agreement, to preserve or protect any right or interest of the Mortgagees in the Mortgaged Property or under or pursuant to this Mortgage or any Loan Agreement, including without limitation, the payment of any insurance premiums or taxes and the satisfaction or discharge of any judgment or any Lien upon the Mortgaged Property or other property or assets of Mortgagor; provided, however, that the making of any such advance by a Mortgagee shall not constitute a waiver by such Mortgagee of any Event of Default with respect to which such advance is made nor relieve the Mortgagor of any such Event of Default. Notwithstanding the foregoing, if, in the sole discretion of any Principal Mortgagee, a situation arises which requires immediate action by such Mortgagee to preserve and protect any of the Mortgaged Property given to secure the obligations secured by this Mortgage, such Principal Mortgagee shall be free to take such action as it reasonably deems appropriate to preserve and protect such Mortgaged Property without delivery of prior written notice to Mortgagor, or if such notice has been delivered, without waiting for the expiration of the aforementioned grace period. The Mortgagor shall pay to such Mortgagee upon demand all such advances made by such Mortgagee with interest thereon at a rate equal to such Mortgagee's rate at such time for short-term loans (which, in the case of CoBank, shall mean the "CoBank Base Rate" (as established by CoBank from time to time) and, in the case of CFC, shall mean its CFC Variable Rate) but in no event shall such rate be in excess of the maximum rate permitted by applicable law. All such advances shall be included in the obligations and secured by this Mortgage.

Section 4.09. Further Assurances. Upon the written request of any Mortgagee, the Mortgagor shall promptly make, execute, acknowledge and deliver or cause to be made, executed, acknowledged or delivered to such Mortgagee all such further and supplemental indentures of mortgage, deeds of trust, mortgages, financing statements and amendments thereto (including continuation statements), security agreements, pledge agreements, stock powers or other such instruments of transfer or assignment duly executed in blank, stock certificates or other securities representing any of the Mortgaged Property, instruments (including any promissory notes held or acquired by the Mortgagor, duly endorsed and assigned to the Mortgagee) and conveyances as may reasonably be requested by the Mortgagee, and take or cause to be taken all such further action as may reasonably be requested by the Mortgagee to insure the attachment, perfection and first priority of, and the ability of the Mortgagee to enforce, the Mortgagee's Lien on and security interest in any or all of the Mortgaged Property. 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, amendment thereto (including continuation statements) and every additional instrument which shall be executed pursuant to the foregoing provisions forthwith upon execution to be recorded and filed and re-recorded and re-filed 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 the Mortgagee in order to insure the attachment, perfection and first priority of, and the ability of the Mortgagee to enforce, the Mortgagee's Lien on and security interest in any or all of the Mortgaged Property.

Section 4.10. Application of Proceeds from Condemnation. In the event that the Mortgaged Property or any part thereof shall be taken or sold under the power of eminent domain or like power, all proceeds and avails therefrom may be used to finance construction of facilities secured or to be secured by this Mortgage; provided, however, that in the event all or any material part of the facilities shall be taken or sold, the proceeds shall be used to prepay the Notes unless the Principal Mortgagees otherwise agree. Any proceeds not so used shall forthwith be applied by the Mortgagor: first, to the ratable payment of any indebtedness secured by this Mortgage other than principal of or interest on the Notes; second, to the ratable payment of interest which shall have accrued on the Notes and be unpaid; third, to the ratable payment of or on account of the unpaid principal of the Notes, to such installments thereof as may be designated by the Mortgagees at the time of any such payment; and fourth, the balance shall be paid to Mortgagor or whoever shall be entitled thereto.

Section 4.11. Compliance with Loan Agreements. The Mortgagor will observe and perform all of the covenants, agreements, terms and conditions contained in each Loan Agreement entered into in connection with the issuance of any of the Notes, as from time to time amended (which terms shall be, notwithstanding any conflict, in addition to the terms hereof). The Mortgagor will send promptly to each Mortgagee notice of any default by the Mortgagor under any Loan Agreement.

Section 4.12. Rights of Way, etc. The Mortgagor will use its best efforts to obtain all such rights of way, easements from landowners and releases from Lien holders as shall be necessary or advisable in the conduct of its business, and, if requested by the Mortgagees, deliver to the Mortgagees evidence satisfactory to it that it has obtained such rights of way, easements or releases.

Section 4.13. Mortgagor's Legal Status. (a) The Mortgagor represents, warrants, covenants and agrees that: (i) the Mortgagor's exact legal name is that indicated on the signature page hereof, (ii) the Mortgagor is an organization of the type and organized in the jurisdiction set forth on the first page hereof, (iii) the cover page hereof accurately sets forth the Mortgagor's organizational identification number or accurately states that the Mortgagor has none and (iv) Section 7.04 hereof accurately sets forth the Mortgagor's place of business or, if more than one, its chief executive office as well as the Mortgagor's mailing address if different.

(b) (i) The Mortgagor will not change its name, its place of business or, if more than one, chief executive office, or its mailing address or organizational identification number if it has one, without providing prior written notice to each of the Mortgagees at least thirty (30) days prior to the effective date of any change, (ii) if the Mortgagor does not have an organizational identification number and later obtains one, the Mortgagor will promptly notify each of the Mortgagees of such organizational identification number and (iii) the Mortgagor will not change

its type of organization, jurisdiction of organization or other legal structure without the prior written consent of the Mortgagees.

Section 4.14. Authorization to File Financing Statements. The Mortgagor hereby irrevocably authorizes any Mortgagee at any time and from time to time to file in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the Mortgaged Property (i) as all assets of the Mortgagor or words of similar effect, regardless of whether any particular asset comprised in the Mortgaged Property falls within the scope of Article 9 of the applicable Uniform Commercial Code, or (ii) as being of an equal or lesser scope or with greater detail, and (b) contain any other information required by part 5 of Article 9 of the applicable Uniform Commercial Code for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether the Mortgagor is an organization, the type of organization and any organizational identification number issued to the Mortgagor and (ii) in the case of a financing statement filed as a fixture filing, a sufficient description of real property to which the Mortgaged Property relates. The Mortgagor agrees to furnish any such information to any Mortgagee promptly upon request. The Mortgagor also ratifies its authorization for any Mortgagee to have filed in any Uniform Commercial Code jurisdiction any like initial financing statements or amendments thereto if filed prior to the date hereof.

Section 4.15. Other Actions Concerning Mortgaged Property. The Mortgagor will take any other action reasonably requested by any of the Mortgagees to insure the attachment, perfection and first priority of, and the ability of the Mortgagees to enforce, the Mortgagee's Lien on and security interest in any and all of the Mortgaged Property, including, without limitation (a) complying with any provision of any statute, regulation or treaty of the United States as to any Mortgaged Property if compliance with such provision is a condition to attachment, perfection or priority of, or ability of the Mortgagee to enforce, the Mortgagee's security interest in such Mortgaged Property, (b) obtaining governmental and other third party consents and approvals, including without limitation any consent of any licensor, lessor or other person obligated on Mortgaged Property, (c) obtaining waivers from mortgagees and landlords in form and substance satisfactory to the Mortgagee and (d) taking all actions required by any earlier versions of the Uniform Commercial Code or by other law, as applicable in any relevant Uniform Commercial Code jurisdiction, or by other law as applicable in any foreign jurisdiction.

Section 4.16. Opinion of Counsel. The Mortgagor will furnish to each Mortgagee promptly after the execution and delivery of this Mortgage and of each other instrument of further assurance, an opinion of counsel stating that, in the opinion of such counsel, this Mortgage and all such instruments of further assurance have been properly recorded, registered, and filed to the extent necessary to make effective the lien intended to be created by this Mortgage, and reciting the details of such action or referring to prior opinions of counsel in which such details are given, and stating that all financing statements and continuation statements have been filed that are necessary fully to preserve and protect the rights of all of the Mortgagees hereunder, or stating that, in the opinion of such counsel, no such action is necessary to make the lien effective.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES OF THE MORTGAGEES

Section 5.01. Events of Default: Each of the following shall be an "Event of Default:"

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

(b) Other Mortgage Covenants. Failure of Mortgagor to observe or perform any covenant, condition or agreement on the part of the Mortgagor, in this Mortgage, and such default shall continue for a period of thirty (30) days after written notice specifying such default shall have been given by any Mortgagee to the Mortgagor and each of the other Mortgagees;

(c) Bankruptcy. The Mortgagor shall: (1) apply for, consent to, or acquiesce in the appointment of a trustee, receiver, custodian or other similar official for it or any material part of its property; (2) have commenced against it or any material part of its property any action or proceeding for the appointment of a trustee, receiver, custodian or other similar official and such action or proceeding is not dismissed within 60 days of the date thereof, or a trustee, receiver, or other custodian is appointed for all; (3) make an assignment for the benefit of creditors or commence any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, or liquidation law of any jurisdiction; (4) have any action or proceeding commenced against it under any reorganization, arrangement, readjustment of debt, dissolution, or liquidation law of any jurisdiction and such proceeding shall not be dismissed within sixty (60) days after the institution thereof or an order adverse to the Mortgagor shall be entered therein;

(d) Dissolution or Liquidation. Other than as provided in subsection (c) above, the dissolution or liquidation of the Mortgagor, or failure by the Mortgagor promptly to forestall or remove any execution, garnishment or attachment of such consequence as will impair its ability to continue its business or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within sixty (60) days;

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

(f) Final Judgment. A final judgment shall be entered against the Mortgagor and shall remain unsatisfied or without a stay in respect thereof for a period of sixty (60) days;

(g) Representations and Warranties. Any representation or warranty made by the Mortgagor herein, in any Loan Agreement or in any certificate or financial statement delivered hereunder or thereunder shall prove to be false or misleading in any material respect;

(h) Other Obligations. Default by the Mortgagor in the payment of any obligation, whether direct or contingent, for borrowed money or in the performance or observance of the terms of any instrument pursuant to which such obligation was created or securing such obligation; or

(i) Cross Default. (1) Failure of Mortgagor to observe or perform any covenant, condition or agreement on the part of the Mortgagor in any of the Notes or any Loan Agreement, and such default shall continue for a period of thirty (30) days after

written notice specifying such default shall have been given to the Mortgagor and each of the other Mortgagees by the Mortgagee that is a party to such Loan Agreement or payee of such Note; or (2) an "Event of Default" (as defined in any Loan Agreement) should occur.

Section 5.02. Acceleration of Maturity; Rescission and Annulment.

(a) Defaults. If an Event of Default described in Section 5.01 shall have occurred and be continuing, any Mortgagee may declare the principal of, and any other amounts due on account of, its Notes secured hereunder to be due and payable immediately by a notice in writing to the Mortgagor and all other Mortgagees and upon such declaration, all unpaid principal (premium, if any) and accrued interest so declared shall become due and payable immediately, anything contained herein or in any Note or Notes to the contrary notwithstanding. If any Mortgagee declares its Notes due and payable, any other Mortgagee may, at any time thereafter, declare its Notes due and payable.

(b) Rescission and Annulment. If at any time after the unpaid principal of (premium, if any) and accrued interest on any of the Notes shall have been so declared to be due and payable, all payments in respect of principal and interest which shall have become due and payable by the terms of such Note or Notes (other than amounts due as a result of the acceleration of the Notes) shall be paid to the respective Mortgagees, and all other defaults hereunder and under the Notes shall have been made good and secured to the satisfaction of each of the Mortgagees, then and in every such case, the Mortgagee or Mortgagees who have declared the principal of (and premium, if any) and accrued interest on Notes held by such Mortgagee or Mortgagees to be due and payable may, by written notice to the Mortgagor and the other Mortgagees, annul such declaration and waive such default and the consequences thereof, but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

Section 5.03. Remedies of Mortgagees. If one or more of the Events of Default shall occur and be continuing, any Principal Mortgagee and, upon occurrence of an Event of Default described in Section 5.01(a), any other Mortgagee with respect to which such Event of Default has occurred and which has accelerated its Notes, personally or by attorney, in its or their discretion, may (upon written notice to each other Mortgagee), to the fullest extent permitted by law:

(a) Possession; Collection. 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, profits and proceeds pertaining to or arising from the Mortgaged Property, or any part thereof, whether then past due or accruing thereafter, and issue binding receipts therefor; and manage, control and operate the Mortgaged Property as fully as the Mortgagor might do if in possession thereof, including, without limitation, the making of all repairs or replacements deemed necessary or advisable;

(b) Enforcement; Receiver. Proceed to protect and enforce the rights of each Mortgagee by suits or actions in equity or at law in any court or courts of competent jurisdiction, whether for specific performance of any covenant or any agreement contained herein or in any Loan Agreement 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 debt hereby secured or for the enforcement

of such other or additional appropriate legal or equitable remedies as may be deemed necessary or advisable to protect and enforce the rights and remedies herein granted or conferred, and in the event of the institution of any such action or suit, such Mortgagee shall have the right to have appointed a receiver of the Mortgaged Property and of all rents, income, revenues, profits and proceeds pertaining thereto or arising therefrom, whether then past due or accruing after the appointment of such receiver, derived, received or had from the time of the commencement of such suit or action, and such receiver shall have all the usual powers and duties of receivers in like and similar cases, to the fullest extent permitted by law, and if application shall be made for the appointment of a receiver the Mortgagor hereby expressly consents that the court to which such application shall be made may make said appointment ex parte; and

(c) Foreclosure. Immediately foreclose this Mortgage and, in any foreclosure proceeding the court shall, upon application, at once, and without notice to Mortgagor, or any party claiming under said Mortgagor, and without giving bond on such application (such notice and bond being hereby expressly waived) and also without reference to the then value of the Mortgaged Property, to the use of said Mortgaged Property as a homestead, or to the solvency or insolvency of any person liable for any of the Notes secured hereby, appoint a receiver for the benefit of the legal holder of the Notes secured hereby, to take possession of the Mortgaged Property, with power to collect rents, issues, and profits of the Mortgaged Property, then due or to become due, during the pendency of such foreclosure suit, and until the time to redeem the same shall expire (such rents, issues and profits being hereby expressly assigned and pledged as additional security for the payment of the Notes secured by this Mortgage); this provision for appointment of a receiver being expressly a condition upon which the loans evidenced by the Notes hereby secured was made; and Mortgagor hereby further consents that said receiver may, out of the said rents, pay prior or subordinate liens, the taxes, assessments, water rates and insurance on Mortgaged Property, then due or unpaid or accruing whether before or after the filing of such bill, and for any necessary repairs thereon, and management and rental fees and any other proper charges, and the amount of any deficiency decree; provided that, in case of any default or breach, as aforesaid, as a concurrent (and not alternative or exclusive) remedy and measure for making effective the terms provisions and purposes hereof, it shall be lawful for Mortgagee, its agent or attorney forthwith (either with or without process of law, forcibly or otherwise) to enter upon and take possession of said Mortgaged Property and to expel and remove any person, goods or chattels, occupying or upon the same, to collect and to receive all the rents, issues and profits therefrom, from time to time, to manage and control the same and make all necessary repairs, and lease the same or any part thereof at such rentals as in its sole discretion it may deem just and reasonable, and after deducting all reasonable attorneys' fees and all expenses incurred in the protection, care, repair and management of said Mortgaged Property, apply the remaining income upon the Notes hereby secured in the same manner as is hereafter provided upon the sale of said Mortgaged Property under foreclosure; and said Mortgagor hereby expressly releases and waives any and all right to possession, control or management of the Mortgaged Property, or to the rents, issues and profits therefrom, after any default or breach of the terms or provisions of this Mortgage and said Mortgagor hereby further expressly releases and waives any and all damages and claims for damages occasioned by such expulsion.

Section 5.04. Application of Proceeds from Remedial Actions. Any proceeds or funds arising from the exercise of any rights or the enforcement of any remedies herein provided after the payment or provision for the payment of any and all costs and expenses in connection

with the exercise of such rights or the enforcement of such remedies shall be applied first, to the ratable payment of indebtedness hereby secured other than the principal of (and premium, if any) or interest on the Notes; second, to the ratable payment of interest which shall have accrued on the Notes and which shall be unpaid; third, to the ratable payment of or on account of the unpaid principal of the Notes; fourth, to the ratable payment of any premium or other amounts due under the Notes and the Loan Agreements, and the balance, if any, shall be paid to the Mortgagor or whosoever shall be lawfully entitled thereto.

Section 5.05. Remedies Cumulative; No Election. Every right or remedy herein conferred upon or reserved to the Mortgagees shall be cumulative and shall be in addition to every other right and remedy given hereunder or under any Loan Agreement or now or hereafter existing at law, or in equity, or by statute. The pursuit of any right or remedy shall not be construed as an election.

Section 5.06. 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 5.07. Notice of Default. The Mortgagor covenants that it will give immediate written notice to each Mortgagee of the occurrence of an Event of Default.

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 pay or cause to be paid the whole amount of the principal of (premium, if any) and interest on the Notes at the times and in the manner therein provided, and shall also pay or cause to be paid all other sums payable by the Mortgagor hereunder and under the Loan Agreements, and shall keep and perform all covenants herein required to be kept and performed by it, then and in that case, provided no Mortgagee has any commitment to extend additional credit to the Mortgagor that is required to be secured hereunder, all property, rights and interest hereby conveyed or assigned or pledged shall revert to the Mortgagor and the estate, right, title and interest of the Mortgagees shall thereupon cease, determine and become void and each Mortgagee, in such case, on written demand of the Mortgagor but at the Mortgagor's cost and expense, shall enter satisfaction of the Mortgage upon the record. In any event, each Mortgagee, upon payment in full by the Mortgagor of all principal of (and premium, if any) and interest on all Notes held by such Mortgagee and the payment and discharge by the Mortgagor of all charges due to such Mortgagee hereunder or under all applicable Loan Agreements, shall execute and deliver to the Mortgagor such instruments of

satisfaction, discharge or release of such Mortgagee's interest hereunder as shall be required by law in the circumstances, if any.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Property Deemed Real Property. It is hereby declared to be the intention of the Mortgagor that any electric generating plant or plants and facilities and all electric transmission and distribution lines or other electric or non-electric systems and facilities embraced in the Mortgaged Property, including, without limitation, all rights of way and easements granted or given to the Mortgagor or obtained by it to use real property in connection with the construction, operation or maintenance of such plant, lines, facilities or systems, and all other property physically attached to any of the foregoing, shall be deemed to be real property.

Section 7.02. Mortgage to Bind and Benefit Successors and Assigns. All of the covenants, stipulations, promises, undertakings and agreements herein contained by or on behalf of the Mortgagor shall bind its successors and assigns, whether so specified or not, and all titles, rights and remedies hereby granted to or conferred upon the Mortgagees shall pass to and inure to the benefit of the successors and assigns of the Mortgagees. The Mortgagor hereby agrees to execute such consents, acknowledgments and other instruments as may be reasonably requested by any Mortgagee in connection with the assignment, transfer, mortgage, hypothecation or pledge of the rights or interests of such Mortgagee hereunder or under the Notes or in and to any of the Mortgaged Property.

Section 7.03. Headings. The descriptive headings of the various articles of this Mortgage were formulated and inserted for convenience only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

Section 7.04. Notices. All notices, requests and other communications provided for herein including, without limitation, any modifications of, or waivers, requests or consents under, this Mortgage shall be given or made in writing (including, without limitation, by telecopy) and delivered or telecopied to the intended recipient at the "Address for Notices" specified, or, as to any party, at such other address as shall be designated by such party in a notice to each other party. Except as otherwise provided in this Mortgage, all such communications shall be deemed to have been duly given when personally delivered or, in the case of a telecopied or mailed notice, upon receipt, in each case given or addressed as provided for herein. The Addresses for Notices of the respective parties are as follows:

As to the Mortgagor:

Sulphur Springs Valley Electric Cooperative, Inc.
P.O. Box 820
Willcox, Arizona 85644
Attention: President/CEO
Fax: (520) 515-3487

As to the Mortgagees:

CFC: National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way

Herndon, Virginia 20171-3025
Attention: Senior Vice President - Member Services
Fax: (703) 709-6776

CoBank: CoBank, ACB
5500 South Quebec Street
Greenwood Village, Colorado 80111
Attention: Communications and Energy Banking Group
Fax: (303) 224-2553

Section 7.05. Severability. The invalidity of any one or more phrases, clauses, sentences, paragraphs or provisions of this Mortgage shall not affect the remaining portions hereof.

Section 7.06 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", a "financing statement" and a "fixture filing" under the Uniform Commercial Code. The Mortgagor herein is the "debtor" and the Mortgagees herein are "secured parties." The mailing addresses of the Mortgagor as debtor and of each Mortgagee as a secured party are as set forth in Section 7.04 hereof. The Mortgagor is an organization of the type and organized in the jurisdiction set forth on the first page hereof. The cover page hereof accurately sets forth the Mortgagor's organizational identification number or accurately states that the Mortgagor has none.

Section 7.07. Governing Law. The effect and meaning of this Mortgage, and the rights of all parties hereunder, shall be governed by, and construed according to, the laws of the State of Arizona, except to the extent governed by federal law.

Section 7.08. Indemnification by Mortgagor of Mortgagees. The Mortgagor agrees to indemnify, defend and save harmless each Mortgagee against any liability or damages which any of them may incur or sustain in the exercise and performance of their rightful powers and duties hereunder. The obligation of Mortgagor to reimburse and indemnify each Mortgagee hereunder shall be secured by this Mortgage in the same manner as the Notes and all such reimbursements for expense or damage shall be paid to the Mortgagee incurring or suffering the same with interest at the rate specified in Section 4.08 hereof.

Section 7.09. Counterparts. 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 7.10. Costs and Expenses: Mortgagor agrees to pay and be liable for any and all expenses, including, but not limited to reasonable attorney's fees, court costs, receiver's fees, costs of advertisement and agent's compensation, incurred by any Mortgagee in exercising or enforcing any of its rights hereunder. Such sums shall be secured hereby and shall be payable forthwith to the Mortgagee incurring the same, with interest thereon at the rate specified in Section 4.08 hereof.

(signature pages follow)

IN WITNESS WHEREOF, SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC., the Mortgagor, has caused this Amended and Restated Mortgage and Security Agreement Mortgage to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers thereunto duly authorized, and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, as Mortgagee, has caused this Mortgage to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers thereunto duly authorized, and COBANK, ACB, as Mortgagee, has caused this Mortgage 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.

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

(SEAL)

By: Dan Barnes

Title: President

Attest: [Signature]

Title: CEO

STATE OF ARIZONA)
COUNTY OF Cochise)SS

I, a Notary Public, in and for said County in the State aforesaid, do hereby certify that ~~that~~ Dan Barnes personally known to me to be the President of SSVLC, whose name is subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such President, he/she signed and delivered the said instrument of writing as President of said corporation, pursuant to authority given by the Board of Directors of said corporation as their free and voluntary act, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 20 day of April, 2011.

[Signature]
Name: Christopher Hitchcock
Notary Public

My Commission Expires:
7/13/13

COBANK, ACB

By: [Signature]

Title: Assistant Corporate Secretary

SEAL

Attest: [Signature]

Title: Assistant Corporate Secretary

Executed by the Mortgagee
in the presence of:

[Signature]
[Signature]

Witnesses

STATE OF COLORADO

COUNTY OF ARAPAHOE) SS

BEFORE ME, a Notary Public, in and for the State of Colorado, appeared in person Alex Georgievski, Susan L. Rosenberg of CoBank, ACB, a federally chartered instrumentality of the United States, to me personally known, and known to be the identical person who subscribed the name of said entity to the foregoing instrument, being by me duly sworn, and who stated that she/he is duly authorized to execute the foregoing instrument on behalf of said entity, and further stated and acknowledged that she/he executed the foregoing instrument as a free and voluntary act and deed of said entity for the consideration therein mentioned and set forth.

IN TESTIMONY WHEREOF I have hereunto set my hand and official seal this 19TH day of APRIL, 2009. 2011

Notarial Seal

[Signature]
Notary Public
ARAPAHOE CO., COLORADO

My commission expires: 4-01-2014

Appendix A - Instruments Recital

The Maximum Debt Limit referred to in Section 1.01 is \$350,000,000.00.

The instruments referred to in the preceding recitals are as follows:

1. "Original Mortgage:"

Instrument	Mortgage Date	Recorded In	Mortgagee
Restated Mortgage and Security Agreement	December 6, 2007	Cochise, Santa Cruz, Graham, and Pima Counties	National Rural Utilities Cooperative Finance Corporation

2. "Current CoBank Loan Agreement" shall mean the following loan agreements.

Master Loan Agreement No. RX0850 dated as of April 20, 2011.

Promissory Note and Supplement No. RX0850T1 dated as of April 20, 2011, in the principal amount of \$72,680,000.

Promissory Note and Supplement No. RX0850T2 dated as of April 20, 2011, in the principal amount of \$46,300,000.

3. "Current CoBank Notes"

Loan Designation	Loan Amount	Note Date	Maturity Date
RX0850T1	\$72,680,000.00	April 20, 2011	December 20, 2042
RX0850T2	\$46,300,000.00	April 20, 2011	September 20, 2038

4. "Current CFC Loan Agreement"

Loan Agreement dated April 20, 2011.

5. "Current CFC Notes"

Loan Designation	Loan Amount	Note Date	Maturity Date
AZ014-A-9052	\$72,680,000	April 20, 2011	December 20, 2042

6. "Outstanding Loan Agreements" are those loan agreements dated as of:

	04/15/1986	04/02/2001	
01/13/1977		08/29/1986	09/10/2003
02/24/1978		04/18/1989	03/19/2004
01/17/1980		01/29/1992	09/08/2004
04/23/1982		01/19/1994	12/06/2007
03/15/1983		04/26/1995	12/21/2007
04/09/1984		07/01/1998	03/25/2004

7. The outstanding indebtedness described in the second WHEREAS clause above as evidenced by the Original CFC Notes is as follows:

CFC Loan Designation	Face Amount of Note	Note Date		Maturity Date
AZ014-A-9007	\$ 622,000	06/14/1977 as substituted 09/18/1986		06/14/2012
AZ014-A-9010	\$ 644,000	04/18/1978		04/18/2013
AZ014-A-9013	\$ 2,171,000	05/20/1980		05/20/2015
AZ014-A-9016	\$ 1,988,000	08/20/1982 as substituted 08/29/1983		08/20/2017
AZ014-A-9017	\$ 2,104,000	08/20/1984		08/20/2019
AZ014-A-9018	\$ 3,520,833	11/18/1986		11/18/2021
AZ014-A-9019	\$ 2,401,042	04/18/1989		04/18/2024
AZ014-A-9020	\$ 1,781,250	01/29/1992		01/29/2027
AZ014-A-9021	\$ 1,808,333	01/19/1994		01/19/2029
AZ014-A-9022	\$ 1,705,000	04/26/1995		04/26/2030
AZ014-A-9023	\$ 3,714,000	07/01/1998		07/01/2033
AZ014-A-9026	\$18,281,000	04/02/2001 as substituted 03/25/2004		04/02/2036
AZ014-A-9027	\$ 2,878,000	04/02/2001 as substituted 03/25/2004		04/02/2036
AZ014-A-9028	\$ 9,270,000	03/19/2004		03/19/2039
AZ014-A-9029	\$28,304,131	09/10/2003		12/31/2028
AZ014-V-9030	\$46,364,000	09/08/2004		09/08/2044
AZ014-A-9031-CB001	\$ 840,000	12/21/2007		12/01/2023
AZ014-V-9033	\$70,780,000	12/06/2007		12/06/2047
AZ014-A-9034-CB001	\$ 560,000	12/21/2007		12/01/2023
AZ014-A-9035-CB001	\$ 840,000	12/21/2007		12/01/2023
AZ014-A-9036-CB001	\$ 280,000	12/21/2007		12/01/2023
AZ014-A-9037-CB001	\$ 280,000	12/21/2007		12/01/2023
AZ014-A-9038-CB001	\$ 280,000	12/21/2007		12/01/2023
AZ014-A-9039-CB001	\$ 280,000	12/21/2007		12/01/2023
AZ014-A-9040-CB001	\$ 840,000	12/21/2007		12/01/2023
AZ014-A-9041-CB001	\$ 280,000	12/21/2007		12/01/2023
AZ014-A-9042-CB001	\$ 560,000	12/21/2007		12/01/2023
AZ014-A-9043-CB001	\$ 840,000	12/21/2007		12/01/2023
AZ014-A-9044-CB001	\$ 560,000	12/21/2007		12/01/2023

AZ014-A-9045- CB001	\$ 280,000	12/21/2007		12/01/2023
AZ014-A-9046- CB001	\$ 2,520,000	12/21/2007		12/01/2023
AZ014-A-9047- CB001	\$ 280,000	12/21/2007		12/01/2023
AZ014-A-9048- CB001	\$ 560,000	12/21/2007		12/01/2023
AZ014-A-9049- CB001	\$ 280,000	12/21/2007		12/01/2023
AZ014-A-9050- CB001	\$ 280,000	12/21/2007		12/01/2023
AZ014-A-9051- CB001	\$ 840,000	12/21/2007		12/01/2023

Appendix B

1. A certain tract of land described in a certain deed, dated July 20, 1939, by First National Bank of Arizona, Phoenix, as trustee, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Book 74, Mortgages of Real Estate, page 282.
2. A certain tract of land described in a certain deed, dated January 25, 1944, by Southern Arizona Public Service Company, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Book 136, page 272. EXCEPT Lots 11, 12, 13, 14, 15 and 16, in Block 33, Willcox Townsite, Cochise County, Arizona; Lot 2, Block 2, Bryan's Addition to Benson, Cochise County, Arizona.
3. A certain tract of land described in a certain deed, dated November 16, 1944, recorded June 2, 1949, by Myron B. Davis, as trustee for Myron B. Davis, Katherine Davis, Eleanor Davis, R. L. Davis, Jr., Elizabeth Davis, and Edwin Davis, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 26, pages 275-276.
4. A certain tract of land described in a certain deed, dated September 16, 1950, by S. E. Evans and Ila Evans, his wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 54, pages 540-542.
5. A certain tract of land described in a certain deed (quit claim), dated August 13, 1953, by Charles S. Boll and Estelle M. Boll, his wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 105, pages 97-98.
6. A certain tract of land described in a certain deed, dated January 11, 1954, by John L. and Eva C. Stevens, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 96, pages 371-372.
7. A certain tract of land described in a certain deed, dated November 30, 1954, by Charles E. Morris and Norma E. Morris, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 111, pages 547-548.
8. A certain tract of land described in a certain deed, dated November 18, 1955, by the Willcox Board of Trustees No. 13, its grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 136, pages 121-122.
9. A certain tract of land described in a certain deed, dated October 9, 1956, by City Council of Willcox, Arizona, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 155, pages 450-452, No. 12175.
10. A certain tract of land described in a certain deed, dated March 21, 1957, by Phoenix Title and Trust, trustee for Margaret Z. Carmichael, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 166, pages 251-252.
11. A certain tract of land described in a certain deed, dated April 29, 1958, by G. W. Page, a single man, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 191, pages 176-177.

12. A certain tract of land described in a certain deed, dated May 21, 1958, by Allgood Land and Cattle, a corporation, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 206, pages 58-59.
13. A certain tract of land described in a certain deed, dated March 4, 1959, by Bert N. Smith and Mildred L. Smith, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 210, page 294.
14. A certain tract of land described in a certain deed, dated January 22, 1960, by Cassie B. Cawood, a widow, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 236, pages 187-188.
15. A certain tract of land described in a certain deed, dated January 23, 1961, by Phoenix Title and Trust, as grantor, to mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona. in Docket 266, page 298.
16. A certain tract of land described in a certain deed, dated December 1, 1961, by Edward O. Loftus and Mona L. Loftus, husband and wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Santa Cruz County Recorder, State of Arizona, in Docket 42, pages 100-101.
17. A certain tract of land described in a certain deed, dated January 25, 1963, by Delia Davis, a widow, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona. in Docket 323, pages 449-450.
18. A certain tract of land described in a certain deed, dated June 25, 1964, by George V. Grosh and Mildred S. Grosh, his wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 359, pages 388.
19. A certain tract of land described in a certain deed, dated November 16, 1964, by M. C. Murrell, President of Sulphur Springs Development Company, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 369, page 252, Instrument No. 18873.
20. A certain tract of land described in a certain deed, dated March 12, 1965, by John Boyd and Mary Boyd, his wife, and Wayne Boyd and Eloise Boyd, his wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Graham County Recorder, State of Arizona, in Docket 101, page 337.
21. A certain tract of land described in a certain deed, dated January 24, 1968, by the Arizona Electric Power Cooperative, Inc., as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder; State of Arizona, in Docket 522, pages 361-362.
22. A certain tract of land described in a certain deed, dated July 24, 1969, by Kern County Land Company, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 598, pages 532-533.
23. A certain tract of land described in a certain deed, dated September 23, 1969, by Gifford-Hill and Company, a Delaware Corporation, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 610, pages 145-147.

24. A certain tract of land described in a certain deed, dated July 3, 1973, by Board of Trustees of School District No. 13, Willcox, Arizona, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 929, page 37.
25. A certain tract of land described in a certain deed, dated June 10, 1974, by Robley G. Gould and Hilda H. Gould, husband and wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 940, page 534.
26. A certain tract of land described in a certain deed, dated July 26, 1974, by Scott V. Swanson and Pauline U. Swanson, husband and wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 956, page 229.
27. A certain tract of land described in a certain deed, dated January 20, 1975, by H. Wayne Peterson and Nelda Louise Peterson, husband and wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 995, page 54.
28. A certain tract of land described in a certain deed, dated October 22, 1976, by William S. Yarbrough and Valta E. Yarbrough, husband and wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 1112, page 496.
29. A certain tract of land described in a certain deed, dated December 27, 1979, by Albert L. Blankenship, President, Blankenship Construction Co., Inc., an Arizona corporation, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 1389, pages 25-26.
30. A certain tract of land described in a certain deed, dated January 29, 1982, by Joseph J. DeFrancesco, Esquire, Trustee, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 1568, pages 7-8.
31. A certain tract of land described in a certain deed, dated March 1, 1982, by Keith L. Hakes, Member, Board of Trustees of Sierra Vista United Methodist Church, an Arizona corporation, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 1576, pages 66-67.
32. A certain tract of land described in a certain deed, dated May 28, 1982, by Samuel J. Fraizer and Ilene M. Fraizer, husband and wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Santa Cruz County Recorder, State of Arizona, in Docket 327, pages 85-86.
33. A certain tract of land described in a certain deed, dated September 26, 1983, by Ted Johnson, President, Grain Co-op of Arizona, an Arizona corporation, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 1706, page 517.
34. A certain tract of land described in a certain deed, dated April 21, 1986, by Carl A. Naegle and Lena B. Naegle, as to an undivided $\frac{1}{2}$ interest, and Raymond L. Naegle and Doris O. Naegle, as to an undivided $\frac{1}{2}$ interest, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, as Fee #860408371.

35. A certain tract of land described in a certain deed, dated August 28, 1986, by James K. Kerley and Katherine M. Kerley, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, as Fee #860919128.
36. A certain tract of land described in a certain deed, dated March 8, 1994, by Judy F. Cocks, Jacqueline Elizabeth' Hooker Hughes, and M. R. Campbell and Linda O. Campbell, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, as Fee #940306590.
37. A certain tract of land described in a certain deed, dated January 6, 1998, by Socorro Isabel D. Avila, also known as Isabel D Avila, as grantor, to the mortgagor, as 'grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee Number 980101776.
38. A certain tract of land described in a certain deed, dated May 19, 2003, by Eurofresh, Inc., an Arizona corporation, as grantor, to the mortgagor, as grantee, and recorded in the office of the Graham County Recorder, State of Arizona, at Fee # 2003-03354.

TOGETHER WITH all plants, works, structures, erections, reservoirs, dams, buildings, fixtures and improvements now or hereafter located on any of the properties conveyed by any and all of the aforesaid deeds mentioned above, and all tenements, hereditaments and appurtenances now or hereafter thereunto belonging or in anywise appertaining.

The description of each of the properties conveyed by and through the provisions of the aforesaid deeds is by reference make a part hereof as though fully set forth at length herein.

39. A certain tract of land described in a certain deed dated April 28, 2004, by DMN Limited Partnership, an Arizona limited partnership, as grantor, to the mortgagor, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #040514988.
40. A certain tract of land described in a certain deed dated December 13, 2004, by Pioneer Title Agency, Inc., an Arizona corporation, as Trustee, under Trust No. 00953330, as grantor, to the mortgagor, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #050100417.
41. A certain tract of land described in a certain deed dated March 9, 2005, by Castle & Cooke Arizona, Inc., an Arizona Corporation formerly known as Arizona Newsub, Inc., an Arizona Corporation, as grantor, to the mortgagor, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #050413790.
42. A certain tract of land described in a certain deed dated March 30, 2006, by Spilde Investments, L.L.C., an Arizona limited liability company, as grantor, to the mortgagor, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #060312209.
43. A certain tract of land described in a certain deed dated April 6, 2006, by Leslie H. Jones and Mary D. Jones, as Trustees of the Leslie H. Jones and Mary D. Jones Revocable Trust, dated March 25,1996, as grantors, to the mortgagor, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #060414227.
44. A certain tract of land described in a certain deed dated August 16, 2006, by the County of Cochise, a political subdivision, as grantor, to the mortgagor, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #060831698.

45. A certain tract of land described in a certain deed dated July 2, 2007, by Linda Jo Langley, Trustee of the Angelita F. Spencer Irrevocable Trust, as grantor, to the mortgagor, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #070722303.

EXCEPTING therefrom, a certain tract of land described in a certain deed dated June 29, 2005, by the mortgagor, as grantor, to Castle & Cooke Arizona, Inc., an Arizona Corporation, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #050725599.

Appendix C -Excepted Property

- (A) The account maintained or to be established at CoBank by the Mortgagor into which the proceeds of one or more clean renewable energy bonds have been, or will be, deposited, all investments made with the funds in the account, and all proceeds thereof.

- (B) That certain Easement, by and between the U.S. Department of the Army as Grantor and Sulphur Springs Valley Electric Cooperative, Inc. as Grantee, over, across, in and upon certain lands located on the Fort Huachuca Military Reservation in Cochise County, Arizona, for the construction, operation, maintenance, repair and replacement of substations for electric power transmission lines and lines for electric power and transmission and distribution, including all right, title and interest in and to all appurtenances located thereon and memorialized in Docket Number 071033177, records of the Cochise County Recorder on 10/12/2007.

F. ANN RODRIGUEZ, RECORDER
RECEIPT OF RECORDING

F. ANN RODRIGUEZ, RECORDER

Recorded By: CR

DEPUTY RECORDER

4376

W
LAW OFFICES OF CHRISTOPHER HITCHCOCK
PO BOX AT
BISBEE AZ 85603



SEQUENCE: 20111230240

NO. PAGES: 39

AMEN 05/03/2011

14:03

MAIL

AMOUNT PAID: \$47.00

F SULPHUR SPRINGS VALLEY ELECTRIC COOPERAT + UCC
T AMENDMENT UCC

RECORDING FEES \$42.00

CONVERSION FEE \$4.00

POSTAGE \$1.00

TOTAL \$47.00

AMENDMENT

CASH \$47.00

AMOUNT DUE

AMOUNT OVER

Pima County Recorder, P.O. Box 3145, Tucson, AZ 85702-3145, (520) 740-4350

2011-02698
Page 1 of 39
Requested By: SULPHUR SPRINGS VALLEY & ELECTRIC
Mandy John, Graham County Recorder
05-03-2011 11:24 AM Recording Fee \$47.00

WHEN RECORDED MAIL TO:

**Law Offices of Christopher Hitchcock, P.L.C.
P. O. Box AT
Bisbee, AZ 85603-0115**

THE ABOVE SPACE RESERVED FOR RECORDING INFORMATION

**Amended and Restated Real Estate Mortgage and Security Agreement
Sulphur Springs Valley Electric Cooperative, Inc.**

DO NOT REMOVE

THIS IS PART OF THE OFFICIAL DOCUMENT

2011-10011
Page 1 of 39
Requested By: CHRISTOPHER HITCHCOCK
Christine Rhodes - Recorder
Cochise County, AZ
05-03-2011 02:43 AM Recording Fee \$50.00

WHEN RECORDED MAIL TO:

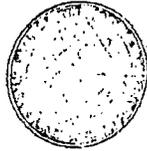
Law Offices of Christopher Hitchcock, P.L.C.
P. O. Box AT
Bisbee, AZ 85603-0115

THE ABOVE SPACE RESERVED FOR RECORDING INFORMATION

**Amended and Restated Real Estate Mortgage and Security Agreement
Sulphur Springs Valley Electric Cooperative, Inc.**

DO NOT REMOVE

THIS IS PART OF THE OFFICIAL DOCUMENT



2011-03195

Page 1 of 39

Requested By: CHRISTOPHER HITCHCOCK

SUZANNE SAINZ, RECORDER

SANTA CRUZ COUNTY, ARIZONA

05-03-2011 04:12 PM Recording Fee \$48.00

WHEN RECORDED MAIL TO:

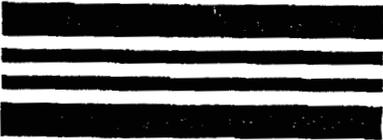
**Law Offices of Christopher Hitchcock, P.L.C.
P. O. Box AT
Bisbee, AZ 85603-0115**

THE ABOVE SPACE RESERVED FOR RECORDING INFORMATION

**Amended and Restated Real Estate Mortgage and Security Agreement
Sulphur Springs Valley Electric Cooperative, Inc.**

DO NOT REMOVE

THIS IS PART OF THE OFFICIAL DOCUMENT



SECRETARY OF STATE

2011 APR 29 PM 4:53

42

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]
Stephen D. Tick (303) 299-8377

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

**STEPHEN D. TICK, ESQ.
 SHERMAN & HOWARD L.L.C.
 633 17TH STREET, SUITE 3000
 DENVER, CO 80202**

FILED

05/02/2011 8:08AM 000002#0169 \$\$\$
UCC 1/01SP COLL \$5.0

201116509422

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME
Sulphur Springs Valley Electric Cooperative, Inc.

OR 1b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
311 East Willcox Drive Sierra Vista AZ 85635 USA

1d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 1e. TYPE OF ORGANIZATION 1f. JURISDICTION OF ORGANIZATION 1g. ORGANIZATIONAL ID #, if any
Corporation Arizona 0038220-2 NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR 2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 2e. TYPE OF ORGANIZATION 2f. JURISDICTION OF ORGANIZATION 2g. ORGANIZATIONAL ID #, if any
 NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME
National Rural Utilities Cooperative Finance Corporation

OR 3b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
2201 Cooperative Way Herndon VA 20171-3025 USA

4. This FINANCING STATEMENT covers the following collateral:

ALL ASSETS, both real and personal, whether now existing or hereinafter acquired, and all proceeds thereof, including, without limitation: (1) all electric transmission and distribution lines and facilities; and (2) all real property (and fixtures located thereon) shown on Attachment "A" hereto.

5. ALTERNATIVE DESIGNATION (if applicable): LESSEE/LESSOR CONSIGNEE/CONSIGNOR BAILEE/BAILOR SELLER/BUYER AG. LIEN NON-UCC FILING

6. This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum. 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional) (ADDITIONAL FEE) All Debtors Debtor 1 Debtor 2

8. OPTIONAL FILER REFERENCE DATA
CoBank/Sulphur Springs (020076.265)

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT

9a. ORGANIZATION'S NAME

OR **Sulphur Springs Valley Electric Cooperative, Inc.**

9b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME, SUFFIX

10. MISCELLANEOUS:

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (11a or 11b) - do not abbreviate or combine names

11a. ORGANIZATION'S NAME

OR

11b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

11c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

11d. SEE INSTRUCTIONS

ADD'L INFO RE ORGANIZATION DEBTOR

11e. TYPE OF ORGANIZATION

11f. JURISDICTION OF ORGANIZATION

11g. ORGANIZATIONAL ID #, if any

NONE

12. ADDITIONAL SECURED PARTY'S or ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)

12a. ORGANIZATION'S NAME

OR

CoBank, ACB

12b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

12c. MAILING ADDRESS

5500 South Quebec Street

CITY

Greenwood Village

STATE

CO

POSTAL CODE

80111

COUNTRY

USA

13. This FINANCING STATEMENT covers timber to be cut or as-extracted collateral, or is filed as a fixture filing.

14. Description of real estate:

Refer to Attachment "A" attached hereto and incorporated by reference herein.

15. Additional collateral description:

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

17. Check only if applicable and check only one box.

Debtor is a Trust or Trustee acting with respect to property held in trust or Decedent's Estate

18. Check only if applicable and check only one box.

Debtor is a TRANSMITTING UTILITY

Filed in connection with a Manufactured-Home Transaction — effective 30 years

Filed in connection with a Public-Finance Transaction — effective 30 years

ATTACHMENT A

Property Description

1. A certain tract of land described in a certain deed, dated July 20, 1939, by First National Bank of Arizona, Phoenix, as trustee, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Book 74, Mortgages of Real Estate, page 282.
2. A certain tract of land described in a certain deed, dated January 25, 1944, by Southern Arizona Public Service Company, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Book 136, page 272. EXCEPT Lots 11, 12, 13, 14, 15 and 16, in Block 33, Willcox Townsite, Cochise County, Arizona; Lot 2, Block 2, Bryan's Addition to Benson, Cochise County, Arizona.
3. A certain tract of land described in a certain deed, dated November 16, 1944, recorded June 2, 1949, by Myron B. Davis, as trustee for Myron B. Davis, Katherine Davis, Eleanor Davis, R. L. Davis, Jr., Elizabeth Davis, and Edwin Davis, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 26, pages 275-276.
4. A certain tract of land described in a certain deed, dated September 16, 1950, by S. E. Evans and Ila Evans, his wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 54, pages 540-542.
5. A certain tract of land described in a certain deed (quit claim), dated August 13, 1953, by Charles S. Boll and Estelle M. Boll, his wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 105, pages 97-98.
6. A certain tract of land described in a certain deed, dated January 11, 1954, by John L. and Eva C. Stevens, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 96, pages 371-372.
7. A certain tract of land described in a certain deed, dated November 30, 1954, by Charles E. Morris and Norma E. Morris, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 111, pages 547-548.
8. A certain tract of land described in a certain deed, dated November 18, 1955, by the Willcox Board of Trustees No. 13, its grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 136, pages 121-122.
9. A certain tract of land described in a certain deed, dated October 9, 1956, by City Council of Willcox, Arizona, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 155, pages 450-452, No. 12175.
10. A certain tract of land described in a certain deed, dated March 21, 1957, by Phoenix Title and Trust, trustee for Margaret Z. Carmichael, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 166, pages 251-252.

11. A certain tract of land described in a certain deed, dated April 29, 1958, by G. W. Page, a single man, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 191, pages 176-177.
12. A certain tract of land described in a certain deed, dated May 21, 1958, by Allgood Land and Cattle, a corporation, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 206, pages 58-59.
13. A certain tract of land described in a certain deed, dated March 4, 1959, by Bert N. Smith and Mildred L. Smith, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 210, page 294.
14. A certain tract of land described in a certain deed, dated January 22, 1960, by Cassie B. Cawood, a widow, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 236, pages 187-188.
15. A certain tract of land described in a certain deed, dated January 23, 1961, by Phoenix Title and Trust, as grantor, to mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona. in Docket 266, page 298.
16. A certain tract of land described in a certain deed, dated December 1, 1961, by Edward O. Loftus and Mona L. Loftus, husband and wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Santa Cruz County Recorder, State of Arizona, in Docket 42, pages 100-101.
17. A certain tract of land described in a certain deed, dated January 25, 1963, by Delia Davis, a widow, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona. in Docket 323, pages 449-450.
18. A certain tract of land described in a certain deed, dated June 25, 1964, by George V. Grosh and Mildred S. Grosh, his wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 359, pages 388.
19. A certain tract of land described in a certain deed, dated November 16, 1964, by M. C. Murrell, President of Sulphur Springs Development Company, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 369, page 252, Instrument No. 18873.
20. A certain tract of land described in a certain deed, dated March 12, 1965, by John Boyd and Mary Boyd, his wife, and Wayne Boyd and Eloise Boyd, his wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Graham County Recorder, State of Arizona, in Docket 101, page 337.
21. A certain tract of land described in a certain deed, dated January 24, 1968, by the Arizona Electric Power Cooperative, Inc., as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder; State of Arizona, in Docket 522, pages 361-362.
22. A certain tract of land described in a certain deed, dated July 24, 1969, by Kern County Land Company, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 598, pages 532-533.

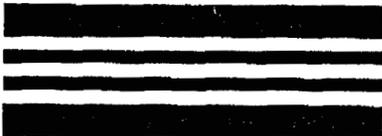
to an undivided ½ interest, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, as Fee #860408371.

35. A certain tract of land described in a certain deed, dated August 28, 1986, by James K. Kerley and Katherine M. Kerley, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, as Fee #860919128.
36. A certain tract of land described in a certain deed, dated March 8, 1994, by Judy F. Cocks, Jacqueline Elizabeth' Hooker Hughes, and M. R. Campbell and Linda O. Campbell, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, as Fee #940306590.
37. A certain tract of land described in a certain deed, dated January 6, 1998, by Socorro Isabel D. Avila, also known as Isabel D Avila, as grantor, to the mortgagor, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee Number 980101776.
38. A certain tract of land described in a certain deed, dated May 19, 2003, by Eurofresh, Inc., an Arizona corporation, as grantor, to the mortgagor, as grantee, and recorded in the office of the Graham County Recorder, State of Arizona, at Fee # 2003-03354.

TOGETHER WITH all plants, works, structures, erections, reservoirs, dams, buildings, fixtures and improvements now or hereafter located on any of the properties conveyed by any and all of the aforesaid deeds mentioned above, and all tenements, hereditaments and appurtenances now or hereafter thereunto belonging or in anywise appertaining.

The description of each of the properties conveyed by and through the provisions of the aforesaid deeds is by reference make a part hereof as though fully set forth at length herein.

39. A certain tract of land described in a certain deed dated April 28, 2004, by DMN Limited Partnership, an Arizona limited partnership, as grantor, to the mortgagor, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #040514988.
40. A certain tract of land described in a certain deed dated December 13, 2004, by Pioneer Title Agency, Inc., an Arizona corporation, as Trustee, under Trust No. 00953330, as grantor, to the mortgagor, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #050100417.
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42. A certain tract of land described in a certain deed dated March 30, 2006, by Spilde Investments, L.L.C., an Arizona limited liability company, as grantor, to the mortgagor, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #060312209.
43. A certain tract of land described in a certain deed dated April 6, 2006, by Leslie H. Jones and Mary D. Jones, as Trustees of the Leslie H. Jones and Mary D. Jones Revocable Trust, dated March 25, 1996, as grantors, to the mortgagor, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #060414227.



SECRETARY OF STATE

2011 APR 29 PM 4:53

48

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]
Stephen D. Tick (303) 299-8377

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

**STEPHEN D. TICK, ESQ.
 SHERMAN & HOWARD L.L.C.
 633 17TH STREET, SUITE 3000
 DENVER, CO 80202**

FILED

05/02/2011 8:08AM 000002#0169 ***
 UCC 1/DISP COLL \$5.00

201116509422

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME
Sulphur Springs Valley Electric Cooperative, Inc.

OR
 1b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
311 East Willcox Drive Sierra Vista AZ 85635 USA

1d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 1e. TYPE OF ORGANIZATION 1f. JURISDICTION OF ORGANIZATION 1g. ORGANIZATIONAL ID #, if any
Corporation Arizona 0038220-2 NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR
 2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 2e. TYPE OF ORGANIZATION 2f. JURISDICTION OF ORGANIZATION 2g. ORGANIZATIONAL ID #, if any
 NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR(S)) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME
National Rural Utilities Cooperative Finance Corporation

OR
 3b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
2201 Cooperative Way Herndon VA 20171-3025 USA

4. This FINANCING STATEMENT covers the following collateral:

ALL ASSETS, both real and personal, whether now existing or hereinafter acquired, and all proceeds thereof, including, without limitation: (1) all electric transmission and distribution lines and facilities; and (2) all real property (and fixtures located thereon) shown on Attachment "A" hereto.

5. ALTERNATIVE DESIGNATION (if applicable): LESSEE/LESSOR CONSIGNEE/CONSIGNOR BAILEE/BAILOR SELLER/BUYER AG. LIEN NON-UCC FILING

6. This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum If applicable 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional) All Debtors Debtor 1 Debtor 2

8. OPTIONAL FILER REFERENCE DATA

CoBank/Sulphur Springs (020076.265)

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT

9a. ORGANIZATION'S NAME		
OR Sulphur Springs Valley Electric Cooperative, Inc.		
9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

10. MISCELLANEOUS:

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only gng name (11a or 11b) - do not abbreviate or combine names

11a. ORGANIZATION'S NAME			
OR			
11b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
11c. MAILING ADDRESS		CITY	STATE POSTAL CODE COUNTRY
11d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION
			11g. ORGANIZATIONAL ID #, if any
			<input type="checkbox"/> NONE

12. ADDITIONAL SECURED PARTY'S or ASSIGNOR S/P'S NAME - insert only gng name (12a or 12b)

12a. ORGANIZATION'S NAME			
OR CoBank, ACB			
12b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
12c. MAILING ADDRESS		CITY	STATE POSTAL CODE COUNTRY
5500 South Quebec Street		Greenwood Village	CO 80111 USA

13. This FINANCING STATEMENT covers timber to be cut or ss-extracted collateral, or is filed as a fixture filing.

14. Description of real estate:

Refer to Attachment "A" attached hereto and incorporated by reference herein.

15. Additional collateral description:

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

17. Check only if applicable and check only one box.

Debtor is a Trust or Trustee acting with respect to property held in trust or Decedent's Estate

18. Check only if applicable and check only one box.

- Debtor is a TRANSMITTING UTILITY
- Filed in connection with a Manufactured-Home Transaction — effective 30 years
- Filed in connection with a Public-Finance Transaction — effective 30 years

ATTACHMENT A

Property Description

1. A certain tract of land described in a certain deed, dated July 20, 1939, by First National Bank of Arizona, Phoenix, as trustee, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Book 74, Mortgages of Real Estate, page 282.
2. A certain tract of land described in a certain deed, dated January 25, 1944, by Southern Arizona Public Service Company, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Book 136, page 272. EXCEPT Lots 11, 12, 13, 14, 15 and 16, in Block 33, Willcox Townsite, Cochise County, Arizona; Lot 2, Block 2, Bryan's Addition to Benson, Cochise County, Arizona.
3. A certain tract of land described in a certain deed, dated November 16, 1944, recorded June 2, 1949, by Myron B. Davis, as trustee for Myron B. Davis, Katherine Davis, Eleanor Davis, R. L. Davis, Jr., Elizabeth Davis, and Edwin Davis, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 26, pages 275-276.
4. A certain tract of land described in a certain deed, dated September 16, 1950, by S. E. Evans and Ila Evans, his wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 54, pages 540-542.
5. A certain tract of land described in a certain deed (quit claim), dated August 13, 1953, by Charles S. Boll and Estelle M. Boll, his wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 105, pages 97-98.
6. A certain tract of land described in a certain deed, dated January 11, 1954, by John L. and Eva C. Stevens, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 96, pages 371-372.
7. A certain tract of land described in a certain deed, dated November 30, 1954, by Charles E. Morris and Norma E. Morris, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 111, pages 547-548.
8. A certain tract of land described in a certain deed, dated November 18, 1955, by the Willcox Board of Trustees No. 13, its grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 136, pages 121-122.
9. A certain tract of land described in a certain deed, dated October 9, 1956, by City Council of Willcox, Arizona, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 155, pages 450-452, No. 12175.
10. A certain tract of land described in a certain deed, dated March 21, 1957, by Phoenix Title and Trust, trustee for Margaret Z. Carmichael, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 166, pages 251-252.

11. A certain tract of land described in a certain deed, dated April 29, 1958, by G. W. Page, a single man, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 191, pages 176-177.
12. A certain tract of land described in a certain deed, dated May 21, 1958, by Allgood Land and Cattle, a corporation, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 206, pages 58-59.
13. A certain tract of land described in a certain deed, dated March 4, 1959, by Bert N. Smith and Mildred L. Smith, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 210, page 294.
14. A certain tract of land described in a certain deed, dated January 22, 1960, by Cassie B. Cawood, a widow, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 236, pages 187-188.
15. A certain tract of land described in a certain deed, dated January 23, 1961, by Phoenix Title and Trust, as grantor, to mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona. in Docket 266, page 298.
16. A certain tract of land described in a certain deed, dated December 1, 1961, by Edward O. Loftus and Mona L. Loftus, husband and wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Santa Cruz County Recorder, State of Arizona, in Docket 42, pages 100-101.
17. A certain tract of land described in a certain deed, dated January 25, 1963, by Delia Davis, a widow, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona. in Docket 323, pages 449-450.
18. A certain tract of land described in a certain deed, dated June 25, 1964, by George V. Grosh and Mildred S. Grosh, his wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 359, pages 388.
19. A certain tract of land described in a certain deed, dated November 16, 1964, by M. C. Murrell, President of Sulphur Springs Development Company, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 369, page 252, Instrument No. 18873.
20. A certain tract of land described in a certain deed, dated March 12, 1965, by John Boyd and Mary Boyd, his wife, and Wayne Boyd and Eloise Boyd, his wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Graham County Recorder, State of Arizona, in Docket 101, page 337.
21. A certain tract of land described in a certain deed, dated January 24, 1968, by the Arizona Electric Power Cooperative, Inc., as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder; State of Arizona, in Docket 522, pages 361-362.
22. A certain tract of land described in a certain deed, dated July 24, 1969, by Kern County Land Company, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 598, pages 532-533.

to an undivided ½ interest, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, as Fee #860408371.

35. A certain tract of land described in a certain deed, dated August 28, 1986, by James K. Kerley and Katherine M. Kerley, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, as Fee #860919128.
36. A certain tract of land described in a certain deed, dated March 8, 1994, by Judy F. Cocke, Jacqueline Elizabeth' Hooker Hughes, and M. R. Campbell and Linda O. Campbell, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, as Fee #940306590.
37. A certain tract of land described in a certain deed, dated January 6, 1998, by Socorro Isabel D. Avila, also known as Isabel D Avila, as grantor, to the mortgagor, as 'grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee Number 980101776.
38. A certain tract of land described in a certain deed, dated May 19, 2003, by Eurofresh, Inc., an Arizona corporation, as grantor, to the mortgagor, as grantee, and recorded in the office of the Graham County Recorder, State of Arizona, at Fee # 2003-03354.

TOGETHER WITH all plants, works, structures, erections, reservoirs, dams, buildings, fixtures and improvements now or hereafter located on any of the properties conveyed by any and all of the aforesaid deeds mentioned above, and all tenements, hereditaments and appurtenances now or hereafter thereunto belonging or in anywise appertaining.

The description of each of the properties conveyed by and through the provisions of the aforesaid deeds is by reference make a part hereof as though fully set forth at length herein.

39. A certain tract of land described in a certain deed dated April 28, 2004, by DMN Limited Partnership, an Arizona limited partnership, as grantor, to the mortgagor, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #040514988.
40. A certain tract of land described in a certain deed dated December 13, 2004, by Pioneer Title Agency, Inc., an Arizona corporation, as Trustee, under Trust No. 00953330, as grantor, to the mortgagor, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #050100417.
41. A certain tract of land described in a certain deed dated March 9, 2005, by Castle & Cooke Arizona, Inc., an Arizona Corporation formerly known as Arizona Newsub, Inc., an Arizona Corporation, as grantor, to the mortgagor, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #050413790.
42. A certain tract of land described in a certain deed dated March 30, 2006, by Spilde Investments, L.L.C., an Arizona limited liability company, as grantor, to the mortgagor, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #060312209.
43. A certain tract of land described in a certain deed dated April 6, 2006, by Leslie H. Jones and Mary D. Jones, as Trustees of the Leslie H. Jones and Mary D. Jones Revocable Trust, dated March 25, 1996, as grantors, to the mortgagor, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #060414227.

44. A certain tract of land described in a certain deed dated August 16, 2006, by the County of Cochise, a political subdivision, as grantor, to the mortgagor, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #060831698.
45. A certain tract of land described in a certain deed dated July 2, 2007, by Linda Jo Langley, Trustee of the Angelita F. Spencer Irrevocable Trust, as grantor, to the mortgagor, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #070722303.

EXCEPTING therefrom, a certain tract of land described in a certain deed dated June 29, 2005, by the mortgagor, as grantor, to Castle & Cooke Arizona, Inc., an Arizona Corporation, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #050725599

**SECRETARY'S CERTIFICATE
SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.**

The undersigned, the Secretary of **SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.**, a cooperative corporation existing under the laws of the State of Arizona (the "Company"), hereby delivers this certificate pursuant to Sections 3.01(B) and 3.02(B) of the Master Loan Agreement, dated as of April 20, 2011, between the Company and CoBank, ACB (the "Credit Agreement"). The undersigned hereby certifies, on and as of the date hereof, as follows:

1. Attached hereto as Exhibit A is a true and correct copy of a resolution duly adopted by the Board of Directors of the Company on the date specified therein, authorizing the Credit Agreement, all instruments and documents contemplated thereby, and the transactions contemplated thereby, and no action has been taken to amend, modify or rescind such resolutions, the same being in full force and effect in the attached form on and as of the date hereof.

2. Attached hereto as Exhibit B is a true and correct copy of a certificate of incumbency. The individuals listed in Exhibit B hereto are duly elected or appointed, as applicable, qualified and authorized on behalf of the Company to execute and deliver the Credit Agreement and all instruments and documents contemplated thereby, and the signatures and titles associated with the Company set forth opposite their respective names are their respective true and authentic signatures and titles.

3. Attached hereto as Exhibit C is a true and correct copy of the Company's articles of incorporation of the Company, as amended to the date hereof. Such articles have been certified by the Secretary of State of Arizona and no amendments to the articles have been adopted since the date the articles were certified by the Secretary of State.

4. Attached hereto as Exhibit D is a true and correct copy of the Company's bylaws as amended to the date hereof.

5. Attached hereto as Exhibit E are true and correct copies of certificate issued by the Arizona Secretary of State and Comptroller attesting to the due incorporation and good standing of the Company in the State of Arizona.

6. Attached hereto as Exhibit F are true and correct copies of all Material Agreements to which the Company is a party.

IN WITNESS WHEREOF, the undersigned Secretary of the Company has executed this certificate as of the 20th day of April, 2011.

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.,

By: _____

Name: Joseph Fuano

Title: Secretary

RESOLUTION OF THE BOARD OF DIRECTORS
of
SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.
Willcox, Arizona

WHEREAS, the above named borrower ("Borrower"), under its articles of incorporation, bylaws, or other organizational documents has full power and authority to borrow money and to secure the same with its own property and property delivered to it for marketing or otherwise; and

WHEREAS, all prerequisite acts and proceedings preliminary to the adoption of this Resolution have been taken and done in due and proper form, time and manner;

NOW, THEREFORE, BE IT RESOLVED, that, after obtaining any necessary approvals from the Arizona Corporation Commission, each of the following officers or positions President, Vice President, Treasurer, Chief Financial Officer, Secretary, Chief Executive Officer and any others to be authorized under this Resolution _____ ("Officers") of the Borrower are jointly and severally authorized and empowered to obtain for and on behalf of the Borrower from time to time, from CoBank, ACB ("CoBank"), a loan or loans or other financial accommodations (including, without limitation, letters of credit, note purchase agreements and bankers acceptances) (collectively, a "Loan") under this Resolution; and for such purposes: (1) to execute such application or applications (including exhibits, amendments and/or supplements thereto) as may be required for all borrowings; (2) to obligate the Borrower to pay such rate or rates of interest as the Officers so acting shall deem proper, and in connection therewith to purchase such interest rate risk management products as may be offered from time to time by CoBank; (3) to obligate the Borrower to such other terms and conditions as the Officers so acting shall deem proper; (4) to obligate the Borrower to make such investments in CoBank as required by CoBank; (5) to execute and deliver to CoBank or its nominee all such written loan agreements, documents and instruments as may be required by CoBank in regard to or as evidence of any Loan made pursuant to the terms of this Resolution; (6) to pledge, grant a security interest or lien in, or assign property of the Borrower or property of others on which it is entitled to borrow, of any kind and in any amount as security for any or all obligations (past, present and/or future) of the Borrower to CoBank; (7) from time to time extend, amend, renew or refinance any such Loan; (8) to reborrow from time to time, subject to the provisions of this Resolution, all or any part of the amounts repaid to CoBank on any Loan made pursuant hereto (whether for the same or a different purpose); (9) to execute and deliver to CoBank an Electronic Commerce Master Service Agreement, a separate Service Agreement for each different service requested by the Borrower, and such other agreements, addenda, documents or instruments as may be required by CoBank in the event that the Borrower elects to use CoBank's electronic banking system (the "System"); (10) to execute and deliver to CoBank any agreements, addenda, authorization forms and other documents or instruments as may be required by CoBank in the event that the Borrower elects to use any services or products related to the Loan that are offered by CoBank now or in the future, including without limitation an automated clearing house (ACH) service; (11) to direct and delegate to designated employees of the Borrower the authority to direct, by written or telephonic instructions or electronically, if the Borrower has agreed to use the System for such purpose, the disposition of the proceeds of any Loan authorized herein or any property of the Borrower at any time held by CoBank; and (12) to delegate to designated employees of the Borrower the authority to request by telephonic or written means or electronically, if the Borrower has agreed to use the System for such purpose, loan advances and/or other financial accommodations, and in connection therewith, to fix rates and agree to pay fees. In the absence of any direction or delegation authorized in (11) or (12) above, all existing directions and/or delegations shall remain in full force and effect and shall be applicable to any Loan authorized herein.

RESOLVED FURTHER, That each of the Officers are hereby jointly and severally authorized to: (1) establish a Cash Investment Services Account at CoBank; (2) make such investments therein as any Officer shall deem proper; (3) direct by written or telephonic instructions or electronically, if the Borrower has agreed to use the System for such purposes, the disposition of the proceeds therein; (4) delegate to designated employees of the Borrower the authority set forth in (2) and (3) above; and (5) execute and deliver all documents and agreements necessary to carry out this authority.

RESOLVED FURTHER, That each of the Officers are hereby jointly and severally authorized and directed to do and/or cause to be done, from time to time, all things which may be necessary and/or proper for the carrying out of the terms of these Resolutions.

RESOLVED FURTHER, That all prior acts by the Officers or other employees or agents of the Borrower to accomplish the purposes of these Resolutions are hereby approved and ratified.

RESOLVED FURTHER, That any Officer of the Borrower is hereby authorized and directed to cast the ballot of the Borrower in any and all proceedings in which the Borrower is entitled to vote for the selection of a member of CoBank's board of directors or for any other purpose.

RESOLVED FURTHER, That these Resolutions shall remain in full force and effect until a certified copy of a duly adopted resolution effecting a revocation or amendment, as the case may be, shall have been received by CoBank. The authority hereby granted shall apply with equal force and effect to the successors in office of the Officers herein named.

RESOLVED FURTHER, That effective on the date when the Loan under these Resolutions becomes available, the following listed Resolutions are hereby revoked: n/a . No such revocation shall affect the validity of any action or actions made or taken in reliance on such resolution(s) prior to the effective date of revocation.

RESOLVED FURTHER, That the Secretary or any Assistant Secretary of the Borrower is hereby authorized and directed to certify to CoBank a copy of these Resolutions, the names and specimen signatures of the present Officers above referred to, and if and when any change is made in the personnel of any said Officers, the fact of such change and the name and specimen signatures of the new Officers. CoBank shall be entitled to rely on any such certification until a new certification is actually received by CoBank.

CERTIFICATE

The undersigned, a Secretary or Assistant Secretary of the Borrower, hereby certifies that the Board of Directors, at a meeting duly called, noticed, convened and held on the 24th day of February, 2010, at which a quorum was present, did adopt the foregoing resolutions and that said resolutions have not been revoked or amended in any way.

Dated this 24th day of February, 2010.

By: Charles E. Brown
Title: Secretary
 Secretary or Assistant Secretary

I, Joseph Furno, certify that this is a true and correct copy of a resolution adopted at a regular meeting of the Sulphur Springs Valley Electric Cooperative, Inc. Board of Directors held on February 24, 2010. This Resolution is still in full force and effect and has not been rescinded, modified or changed in any manner whatsoever, and I hereby affix my hand and seal this 20th day of April, 2011.

2

Joseph Furno
Joseph Furno, Secretary of the Board

2010-07

CoBANK, ACB
INCUMBENCY CERTIFICATE

The undersigned, as Secretary of the Company named below, hereby certifies that the following persons are the current, duly elected or appointed Officers enumerated in applicable Resolutions of the Company's Board of Directors and that the following are the specimen signatures of those Officers:

OFFICERS

NOTE: INSERT THE NAMES AND OBTAIN THE SIGNATURES OF ONLY THOSE OFFICERS AUTHORIZED BY THE RESOLUTION REFERRED TO ABOVE.

<p>CHAIRMAN</p> <p>_____ Signature</p> <p>_____ TYPE or PRINT name</p>
<p>PRESIDENT</p> <p><i>Dan Baner</i> Signature</p> <p><i>Dan Barrera</i> TYPE or PRINT name</p>
<p>CHIEF FINANCIAL OFFICER/TREASURER</p> <p><i>Harold L. Hinkley</i> Signature</p> <p><i>HAROLD L. HINKLEY</i> TYPE or PRINT name</p>
<p>SECRETARY</p> <p><i>Joseph F. Farno</i> Signature</p> <p><i>Joseph Farno</i> TYPE or PRINT name</p>
<p>TITLE: _____</p> <p>_____ Signature</p> <p>_____ TYPE or PRINT name</p>

<p>VICE CHAIRMAN</p> <p><i>Pat V. English</i> Signature</p> <p><i>PAT V. ENGLISH</i> TYPE or PRINT name</p>
<p>VICE PRESIDENT</p> <p><i>Pat V. English</i> Signature</p> <p><i>PAT V. ENGLISH</i> TYPE or PRINT name</p>
<p>MANAGER CEO</p> <p><i>Creedon W. Huber</i> Signature</p> <p><i>CREEDON W. HUBER</i> TYPE or PRINT name</p>
<p>ASSISTANT SECRETARY</p> <p>_____ Signature</p> <p>_____ TYPE or PRINT name</p>
<p>TITLE: _____</p> <p>_____ Signature</p> <p>_____ TYPE or PRINT name</p>

Dated this 20 day of April, 2011.

Joseph
Secretary

Annual Meeting Month: April

Change of address? Yes No
Sulphur Springs Valley Electric Cooperative, Inc.
P.O. Box 820
Willcox, Arizona 85644
Phone:
Fax No:

**AMENDED AND RESTATED
REAL ESTATE MORTGAGE
AND
SECURITY AGREEMENT**

Made By And Among

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

P.O. Box 820

Willcox, Arizona 85644

Organizational ID Number: 0038220-2

Organizational Type: Arizona Corporation
as Mortgagor

and

**NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION**
2001 Cooperative Way, Herndon, Virginia 20171-3025
as Mortgagee

and

COBANK, ACB
5500 South Quebec Street
Greenwood Village, Colorado 80111
as Mortgagee

Dated as of April 20, 2011

THIS INSTRUMENT CONSTITUTES A MORTGAGE AND SECURITY AGREEMENT COVERING BOTH REAL AND PERSONAL PROPERTY OF A TRANSMITTING UTILITY ENGAGED IN THE DISTRIBUTION OF POWER AND IS TO BE CROSS INDEXED IN ALL INDICES IN WHICH ARE RECORDED LIENS, MORTGAGES, OR OTHER ENCUMBRANCES AGAINST REAL AND PERSONAL PROPERTY.

THIS INSTRUMENT CONSTITUTES A LIEN ON ALL AFTER ACQUIRED PROPERTY OF THE MORTGAGOR.

THIS INSTRUMENT CONTAINS FUTURE ADVANCE PROVISIONS.

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THIS AMENDED AND RESTATED MORTGAGE AND SECURITY AGREEMENT, dated as of April 20, 2011 ("Mortgage"), is made by and between **SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.**, an Arizona corporation (hereinafter called the "Mortgagor"), a corporation existing under the laws of the State of Arizona, **NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION** (hereinafter called "CFC" or "Mortgagee"), a cooperative association incorporated under the laws of the District of Columbia, and **COBANK, ACB** (hereinafter called "CoBank" or "Mortgagee"), a federally chartered instrumentality of the United States.

RECITALS

WHEREAS, the Mortgagor and CFC are parties to the "Original Mortgage" (as hereinafter defined);

WHEREAS, the Mortgagor has heretofore borrowed funds from CFC pursuant to one or more "Outstanding Loan Agreements" (as hereinafter defined), has duly authorized, executed and delivered to CFC the "Original CFC Notes" (as hereinafter defined), and has secured the Original CFC Notes by the Original Mortgage;

WHEREAS, the Mortgagor deems it necessary to borrow additional sums from CoBank pursuant to the "Current CoBank Loan Agreement" (as hereinafter defined), to issue new notes to evidence the same (the "Current CoBank Notes"), and to secure the Current CoBank Notes on a parity with all other "Notes" (as hereinafter defined) secured hereby;

WHEREAS, the Mortgagor deems it necessary to borrow additional sums from CFC pursuant to the "Current CFC Loan Agreement" (as hereinafter defined), to issue new notes to evidence the same (the "Current CFC Notes"), and to secure the Current CFC Notes and the Original CFC Notes on a parity with all other "Notes" (as hereinafter defined) secured hereby;

WHEREAS, this Mortgage, while preserving the priority of CFC's Lien under the Original Mortgage, amends and restates the Original Mortgage, secures the payment of the Original CFC Notes (as identified more particularly in the "Instruments Recital" (as hereinafter defined)), the Current CoBank Notes and the Current CFC Notes, and further secures the payment of any "Additional Notes" (as hereinafter defined); and

WHEREAS, the Mortgagor, CFC and CoBank are authorized to enter into this Mortgage;

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants contained herein, do agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Capitalized terms used in this Mortgage shall have the meanings specified below. The terms defined herein include the plural as well as the singular and the singular as well as the plural.

Accounting Requirements shall mean any system of accounts prescribed by a federal regulatory authority having jurisdiction over the Mortgagor or, in the absence thereof, the

requirements of generally accepted accounting principles applicable to businesses similar to that of the Mortgagor.

Additional Notes shall mean any Notes issued by the Mortgagor to a Mortgagee or any other lender pursuant to Article III hereof.

Business Day shall mean any day that both CoBank and CFC are open for business.

CFC is defined in the introductory clause to this Mortgage and shall include its successors and assigns.

CFC Notes shall mean the Original CFC Notes, the Current CFC Notes and any Additional Notes issued by the Mortgagor to CFC.

CoBank is defined in the introductory clause to this Mortgage and shall include its successors and assigns.

CoBank Notes shall mean the Current CoBank Notes and any Additional Notes issued by the Mortgagor to CoBank.

Current CFC Loan Agreement means those certain loan agreements by and between CFC and the Mortgagor identified as such in the Instruments Recital, together with all amendments, supplements thereto and restatements thereof.

Current CFC Notes shall mean the Notes more particularly described in Appendix A hereto and issued under the Current CFC Loan Agreement.

Current CoBank Loan Agreement means those certain loan agreements by and between CoBank and the Mortgagor identified as such in the Instruments Recital, together with all amendments, supplements thereto and restatements thereof.

Current CoBank Notes shall mean the Notes more particularly described in Appendix A hereto and issued under the Current CoBank Loan Agreement.

Debt Service Coverage Ratio ("DSC") shall mean the ratio determined as follows: for each calendar year add (a) Operating Margins, (b) Non Operating Margins--Interest, (c) Interest Expense, and (d) Depreciation and Amortization Expense, and divide the total so obtained by an amount equal to the sum of all payments of Principal and Interest Expense required to be made during such calendar year; provided, however, that in the event that any Long-Term Debt has been refinanced during such year the payments of Principal and Interest Expense required to be made during such year on account of such Long-Term Debt shall be based (in lieu of actual payments required to be made on such refinanced debt) upon the larger of (i) an annualization of the payments required to be made with respect to the refinancing debt during the portion of such year such refinancing debt is outstanding or (ii) the payment of Principal and Interest Expense required to be made during the following year on account of such refinancing debt.

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

Electric System shall mean, and shall be broadly construed to encompass and include, all real and personal property of the Mortgagor of every type and description used or useful in the generation, transmission, or distribution of electric power and energy, including, without limitation, all power plants, wind farms, transmission lines, substations, distribution lines, and all conservation, load management, general plant and related facilities, fixtures, equipment or property.

Equities and Margins shall mean Mortgagor's equities and margins computed pursuant to the Accounting Requirements.

Equity shall mean the aggregate of Mortgagor's Equities and Margins as computed pursuant to the Accounting Requirements.

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

Excepted Property shall have the meaning set forth in the Granting Clause.

Fiscal Year shall mean the fiscal year of the Mortgagor.

Independent shall mean a person or entity who (i) does not have any direct financial interest in the Mortgagor or in any affiliate of the Mortgagor and (ii) is not connected with the Mortgagor as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

Instruments Recital shall mean Appendix A hereto.

Interest Expense shall mean an amount constituting the interest expense with respect to Total Long-Term Debt of the Mortgagor as computed pursuant to the Accounting Requirements. In computing Interest Expense, there shall be added, to the extent not otherwise included, an amount equal to 33-1/3% of the excess of Restricted Rentals paid by the Mortgagor over two percent (2%) of the Mortgagor's Equities and Margins.

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

Loan Agreements shall mean all loan, credit or reimbursement agreements, including, but not limited to, the Outstanding Loan Agreements, the Current CFC Loan Agreements and the Current CoBank Loan Agreement, by and between the Mortgagor and CoBank, CFC, or another Mortgagee, in connection with the execution and delivery of any Note secured hereby, and all amendments and supplements thereto and restatements thereof.

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

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

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

Mortgage shall mean this Amended and Restated Mortgage and Security Agreement, as it may be amended or supplemented from time to time.

Mortgaged Property shall have the meaning specified in Section 2.01 hereof.

Mortgagee or Mortgagees shall mean CFC, CoBank and any other lender pursuant to this Mortgage that enters into a supplemental mortgage in accordance with Article III hereof.

Non-Operating Margins--Interest shall mean the amount of non-operating margins--interest of Mortgagor as computed pursuant to the Accounting Requirements.

Net Utility Plant shall mean the amount constituting the total utility plant of the Mortgagor less depreciation, as computed pursuant to Accounting Requirements.

Note or Notes shall mean one or more of the CFC Notes, one or more of the CoBank Notes and any Additional Notes which pursuant to Article III may, from time to time, evidence indebtedness of the Mortgagor to Mortgagees other than CFC or CoBank (all of which are secured under this Mortgage).

Operating Margins shall mean the net amount of operating revenue and patronage capital less the total cost of electric service of the Mortgagor as computed pursuant to the Accounting Requirements.

Original CFC Notes shall mean the promissory notes made by the Mortgagor payable to the order of CFC, as identified in the Instruments Recital.

Original Mortgage shall mean that certain Restated Mortgage and Security Agreement, dated as of December 6, 2007, by and between the Mortgagor and CFC, and as supplemented, amended or restated, identified in the Instruments Recital.

Outstanding Loan Agreements shall mean those loan agreements between Mortgagor and CFC identified as such in the Instruments Recital.

Permitted Encumbrances shall mean:

- (i) any Liens for taxes, assessments or governmental charges for the current year and taxes, assessments or governmental charges due but not yet delinquent;
- (ii) Liens for worker's compensation awards and similar obligations not then delinquent;
- (iii) 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 and which are stayed;
- (iv) 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 by a deposit or pledge or which are insignificant in amount;

- (v) 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;
- (vi) 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 hereof or to regulate the property and business of the Mortgagor;
- (vii) attachment of judgment liens which are stayed and covered by insurance (to the extent of the insurance coverage), or upon appeal and covered by bond;
- (viii) deposits or pledges to secure payment of worker's compensation, unemployment insurance, pensions or other social security;
- (ix) deposits or pledges to secure performance of bids, tenders, contracts (other than contracts for the payment of borrowed money), leases, public or statutory obligations;
- (x) deposits or pledges to secure surety or appeal bonds, and other deposits or pledges for purposes of like general nature in the ordinary course of business;
- (xi) 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;
- (xii) 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;
- (xiii) 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;
- (xiv) any Lien reserved as security for rent or compliance with other provisions of the lease in case of any leasehold estate made, or existing on property acquired in the ordinary course of business or in connection with Restricted Rentals permitted by Section 4.03;
- (xv) Liens for purchase money indebtedness permitted by Section 4.03; and
- (xvi) Liens arising hereunder or under a supplemental mortgage hereto to secure Additional Notes.

(xvii) The interests of the Department of Energy in assets purchased in whole or in part with grant funds provided by the Department of Energy and any lien or security interest that may arise in connection therewith; provided, however, that such interest and any lien or security interest arising in connection therewith is subordinate to the lien of this Mortgage as and to the extent provided in the letter dated November 22, 2010, from the Mortgagor to the United States Department of Energy, and agreed to and confirmed by the United States Department of Energy by signature dated November 30, 2010, a copy of which has been furnished by the Mortgagor to each Mortgagee.

Potential Default shall mean the occurrence of any event which with the giving of notice and/or the passage of time and/or the occurrence of any other condition would ripen into an Event of Default.

Principal shall mean the amount of principal billed on account of Total Long-Term Debt of Mortgagor as computed pursuant to the Accounting Requirements.

Principal Mortgagees shall mean each of (a) CFC, (b) CoBank and (c) any other Mortgagee holding Notes the outstanding principal balance of which equals at least 25% of the total outstanding principal balance of all Notes at the time secured hereunder.

Restricted Rentals shall mean all rentals required to be paid under finance leases and charged to income, exclusive of any amounts paid under any such lease (whether or not designated therein as rental or additional rental) for maintenance or repairs, insurance, taxes, assessments, water rates or similar charges. For the purpose of this definition, the term "finance lease" shall mean any lease having a rental term (including the term for which such lease may be renewed or extended at the option of the lessee) in excess of 3 years and covering property having an initial cost in excess of \$250,000 other than automobiles, trucks, trailers, other vehicles (including without limitation aircraft and ships), office, garage and warehouse space and office equipment (including without limitation computers).

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

Subordinated Indebtedness shall mean indebtedness of the Mortgagor, payment of which shall be subordinated to the prior payment of the Notes by a subordination agreement in form and substance satisfactory to the Principal Mortgagees, which approval will not be unreasonably withheld.

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

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

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

Uniform Commercial Code shall mean the Uniform Commercial Code of the jurisdiction governing construction of this Mortgage.

Utility Facilities shall mean, and shall be broadly construed to encompass and include, the Electric System and all real and personal property of the Mortgagor used in whole or in part in connection with any other utility operation now or hereafter conducted by the Mortgagor, including, without limitation,, telephone, radio, television, other image and data communications, cable or satellite television, water or wastewater, solid waste disposal, or natural gas, propane, or other fossil fuels.

Section 1.02. Construction of Mortgage. Accounting terms used in this Mortgage and not referred to above shall have the meanings assigned to them under generally accepted accounting principles. The singular shall include the plural, and vice versa, as the context requires.

ARTICLE II

SECURITY

Section 2.01. Granting Clause. In order to secure equally and ratably the payment of the principal of (and premium, if any) and interest on and any other amount due under the Notes, according to their tenor and effect, and any and all future obligations and advances which may be evidenced by the Notes, whether such future obligations and advances are made as an obligation, made at the option of a Mortgagee, made after reduction to zero or other balance, or made otherwise and whether such future obligations and advances are direct, indirect, contingent or otherwise, to the same extent as if such future obligations and advances were made on the date hereof, up to the Maximum Debt Limit, if any, and further to secure the due performance of the covenants, agreements and provisions contained in this Mortgage and the Loan Agreements, and to declare the terms and conditions upon which the Notes are to be secured, the Mortgagor, in consideration of the premises, has executed and delivered this Mortgage, and has granted, bargained, sold, conveyed, warranted, assigned, transferred, mortgaged, pledged 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 the Mortgagor does hereby grant to the Mortgagees, for the purposes herein expressed, a security interest in the following properties, assets and rights of the Mortgagor, wherever located, whether now existing or hereafter acquired or arising, and all proceeds and products thereof (hereinafter sometimes called the "Mortgaged Property"):

I

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

(B) All right, title and interest of the Mortgagor in, to and under any and all grants, privileges, rights of way, easements, licenses, and all other interest in real property, whether now existing or hereafter acquired and wherever located, including, without limitation, those located in the counties listed in Schedule B hereto;

(C) All right, title and interest of the Mortgagor in and to (a) the Utility Facilities now existing and located in the counties listed in Appendix B hereto or hereafter constructed or acquired by the Mortgagor, wherever located, and (b) all extensions and improvements thereof and additions thereto, including any and all other property of every kind, nature and description, used, useful or acquired for use by the Mortgagor in connection therewith;

II

All right, title and interest of the Mortgagor in, to and under any and all licenses, franchises, ordinances, privileges and permits heretofore granted, issued or executed, or which may hereafter be granted, issued or executed, to it or to its assignors by 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 the Mortgaged Property (including, without limitation, the Utility Facilities), insofar as the same may by law be assigned, granted, bargained, sold, conveyed, transferred, mortgaged or pledged;

III

All right, title and interest of the Mortgagor in, to and under any and all agreements, leases or contracts heretofore or hereafter executed by and between the Mortgagor and any person, firm or corporation, including, without limitation, contracts: (1) for the lease, occupancy or sale of the Mortgaged Property, or any portion thereof; (2) for the construction, acquisition, use, ownership, operation, or maintenance of any portion of the Utility Facilities, whether owned solely or jointly by the Mortgagor; (iii) for the purchase, sale, exchange, or distribution of electric power, energy, or other utility services, or involving swaps, options, future contracts or other derivative products relating thereof; and (iv) for the interconnection and /or transmission of electric power and energy or other utility services (as each may be amended, supplemented, restated or replaced from time to time).

IV

All right, title and interest of the Mortgagor in, to and under all fixtures and all personal property of every kind and nature, whether now existing or hereafter acquired, including, without limitation, all goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts, chattel paper (whether tangible or electronic), deposit accounts, letters of credit and letter-of-credit rights, commercial tort claims, securities and all other investment property, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, tort claims, and all general intangibles including, without limitation, all payment intangibles, patents, patent applications, trademarks, trademark applications, trade names, copyrights, copyright applications, software, engineering drawings, service marks, service mark applications, customer lists, goodwill, trade secrets, tax refunds and tax refund claims, monies due or recoverable from pension funds, and all licenses, permits, and agreements of any kind or nature pursuant to which the Mortgagor possesses, uses or has authority to possess or use property (whether tangible or intangible) of others or others possess, use or have authority to possess or use property (whether tangible or intangible) of the Mortgagor, and all recorded data of any kind or nature, regardless of the medium of recording including, without limitation, all software, writings, plans, specifications and schematics (as such terms are defined in the applicable Uniform Commercial Code; provided, however, that the term "instrument" shall be such term as defined in Article 9 of the applicable Uniform Commercial Code rather than Article 3), but excluding Excepted Property;

V

To the extent (if any) not included above, all right, title and interest of the Mortgagor in, to and under all stock, bonds, notes, debentures, commercial paper, securities, obligations of any corporation, association, partnership, limited liability company, joint venture, trust, government or any agency or department thereof of any other entity of any kind, and all equity or beneficial interests in, to and under any of the foregoing described entities, whether now existing or hereafter acquired, but excluding Excepted Property;

VI

To the extent (if any) not included above, all right, title and interest of the Mortgagor in, to and under any and all books, records and correspondence relating to the Mortgaged Property, whether now existing or hereafter arising, including, but not limited to: all records, ledgers, leases and computer and automatic machinery software and programs, including without limitation, programs, databases, disc or tape files and automatic machinery print outs, runs and other computer prepared information indicating, summarizing, evidencing or otherwise necessary or helpful in the collection of or realization on the Mortgaged Property;

VII

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 existing or hereafter acquired by the Mortgagor, it being the intention hereof that all such property now existing 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 existing 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, profits, cash, proceeds and benefits at any time derived, received or had from any and all of the above-described property or business operations of the Mortgagor, to the fullest extent permitted by law.

Together with all and singular the tenements, hereditaments and appurtenances belonging or in anywise appertaining to the aforesaid property or any part thereof, with the reversion or reversions, remainders and remainders and all of the tolls, earnings, issues, rents, income, revenues, profits, cash, proceeds and benefits at any time derived, received or had from any and all of the above-described property or business operations of the Mortgagor, to the fullest extent permitted by law.

Except as expressly provided below, there is, however, expressly excepted from the Lien and operation of this Mortgage the following described property whether now owned or hereafter acquired by the Mortgagor (herein sometimes referred to as the "Excepted Property"):

- (A) all automobiles, trucks, trailers, tractors or other vehicles (including, without limitation, aircraft or ships, if any) which are titled and/or registered in any state of the United States and owned or used by the Mortgagor;
- (B) any shares of stock, securities, equity or other interests of the Mortgagor in either CoBank or CFC (hereinafter called "Equity In Mortgagees"); and
- (C) the property identified in Appendix "C" hereto.

PROVIDED, HOWEVER, that (i) if, upon the occurrence of an Event of Default, any Mortgagee, or any receiver appointed pursuant to statutory provision or order of court, shall have entered into possession of all or substantially all of the Mortgaged Property, all the Excepted Property (other than the Equity In Mortgagees and the property identified in Appendix C hereto) then owned or thereafter acquired by the Mortgagor shall immediately, and, upon demand of any Mortgagee or such receiver, become subject to the Lien hereof to the extent permitted by law, and any Mortgagee or such receiver may, to the extent permitted by law, at the same time likewise

take possession thereof, and (ii) whenever all Events of Default shall have been cured and the possession of all or substantially all of the Mortgaged Property shall have been restored to the Mortgagor, such Excepted Property shall again be excepted and excluded from the Lien hereof to the extent and otherwise as hereinabove set forth.

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

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 premium, if any) and interest on and any other amount due under 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 Loan Agreements contained, and for the uses and purposes and upon the terms, conditions, provisos and agreements hereinafter expressed and declared.

ARTICLE III

ADDITIONAL SECURED NOTES

Section 3.01. Additional Secured Notes. Without the prior consent of any Mortgagee, the Mortgagor may issue Additional Notes to CoBank, CFC or to the United States of America, acting by and through the administrator of the Rural Utilities Service (including its successors and assigns), which Additional Notes will thereupon be secured *pari passu* equally and ratably under this Mortgage with all other Notes if the following requirements are satisfied on or before the date such Additional Note is issued:

- (A) As evidenced by a certificate of an Independent certified public accountant delivered to each Mortgagee on or before the date of the Additional Note, the Mortgagor shall have achieved for each of the two calendar years immediately preceding the issuance of such Additional Notes, a DSC of not less than 1.35.
- (B) As evidenced by a certificate of an Independent certified public accountant delivered to each Mortgagee on or before the date of the Additional Note, the: (1) Mortgagor's Long-Term Debt shall not exceed 95% of its Net Utility Plant after taking into account the effect of such Additional Notes and any additions to fixed assets constituting Utility Facilities that are to be acquired or constructed with the proceeds of such Additional Notes and (2) the sum of the aggregate principal amount of such Additional Notes (if any) that are not related to the Electric System if added to the aggregate outstanding principal amount of all the existing

Notes (if any) that are not related to the Electric System will not exceed 15% of the Mortgagor's Equity on a pro forma basis.

- (C) As evidenced by a certificate of an Independent certified public accountant delivered to each Mortgagee on or before the date of the Additional Note, the Mortgagor, after taking into account the effect of such Additional Note and any assets being acquired or constructed with the proceeds thereof, shall have Equity greater than or equal to 20% of Total Assets on a pro forma basis.
- (D) As evidenced by a certificate of the general manager of the Mortgagor delivered to each Mortgagee on or before the date of the Additional Note no Potential Default or Event of Default has occurred and is continuing or would result therefrom.

Section 3.02. Refunding or Refinancing Notes. The Mortgagor shall also have the right without the consent of any Mortgagee, so long as no Potential Default or Event of Default has occurred and is continuing hereunder, to issue Additional Notes for the purpose of refunding, substituting for or refinancing any Note so long as the total amount of outstanding indebtedness evidenced by such Additional Notes is not greater than 105% of the outstanding principal balance of the Note being refunded, substituted for or refinanced.

Section 3.03. Other Additional Notes. With the prior written consent of the Principal Mortgagees, the Mortgagor may issue Additional Notes for purposes or under the circumstances not addressed in Section 3.01 or 3.02 hereof, which Additional Notes will thereupon be secured equally and ratably under this Mortgage with all other Notes.

Section 3.04. Further Conditions. The Mortgagor and the holder of such Additional Note will, if required by law or any Principal Mortgagee: (1) amend, supplement, or restate this Mortgage to add the holder of such Additional Note to this Mortgage (if not already a Mortgagee hereunder), to subject to the Lien of this Mortgage any Mortgaged Property being acquired or constructed with the proceeds of such Additional Note, or to add such Additional Note as secured debt under this Mortgage; and (2) file and record such amendment, supplement, or restatement in all places necessary or required by any Principal Mortgagee in order to perfect the Lien of this Mortgage for the benefit of the holder and all the Mortgagees hereunder. The Mortgagor and Mortgagees agree to execute such amendment, supplement or restatement, or such other instruments or documents, as may be reasonably required in order to carry out the intent of this Section, and promptly after the execution and delivery of such Additional Note, the Mortgagor shall provide evidence satisfactory to the Mortgagees (including, without limitation, an opinion of counsel acceptable to the Principal Mortgagees) that the requirements of this section have been satisfied.

ARTICLE IV

PARTICULAR COVENANTS OF THE MORTGAGOR

The Mortgagor covenants with the Mortgagees as follows:

Section 4.01. Authority to Execute and Deliver Notes and Mortgage; All Action Taken; Enforceable Obligations. The Mortgagor is authorized under its articles of incorporation and bylaws and all applicable laws and by corporate action to execute and deliver the Notes and this Mortgage; and the Notes and this Mortgage are, and any Additional Notes

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; Exception for Permitted Encumbrances; Mortgagor to Defend Title and Remove Liens. The Mortgagor warrants that it is the owner of, or has other rights in the Mortgaged Property, that it has good, right and lawful authority to mortgage the Mortgaged Property for the purposes herein expressed, and that the Mortgaged Property is free and clear of any Lien affecting the title thereto, except the Lien of this Mortgage and Permitted Encumbrances. Except as to Permitted Encumbrances which are entitled to priority under law, 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 Mortgaged Property against any and all claims and demands. Subject to the provisions of Section 4.03, or unless approved by the Mortgagees, the Mortgagor will purchase all materials, equipment and replacements to be incorporated in or used in connection with the Mortgaged Property outright and not subject to any conditional sales agreement, chattel mortgage, bailment, lease or other agreement reserving to the seller any right, title or Lien. 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 the Mortgagees), or the franchises, earnings or business of the Mortgagor, as and when the same shall become due and payable; 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 any Lien securing same is stayed and the Mortgagor shall have set aside on its books adequate reserves with respect thereto.

Section 4.03. Additional Permitted Debt. Except as permitted by Section 3.01 hereunder and subject to any additional limitations contained in any Loan Agreement, the Mortgagor shall not incur, assume, guarantee or otherwise become liable in respect of any debt (including Subordinated Indebtedness) other than the following:

- (1) Purchase money indebtedness in non-Electric System property, in an amount not exceeding ten percent (10%) of Total Utility Plant or fifty percent (50%) of Equity, whichever is greater;
- (2) Restricted Rentals in an amount not to exceed five percent (5%) of Equity during any 12 consecutive calendar month period;
- (3) Unsecured current debt and lease obligations incurred in the ordinary course of business including accounts payable for goods and services; and
- (4) Unsecured indebtedness.

Section 4.04. Payment of Notes. The Mortgagor will duly and punctually pay the principal of (and premium, if any) and interest on the Notes at the dates and places and in the manner provided therein, and all other sums becoming due hereunder.

Section 4.05. Preservation of Corporate Existence and Franchises. The Mortgagor will, so long as any of the Notes are 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 be granted or upon it conferred, and will comply with all valid laws, ordinances, regulations and requirements applicable to it or the Mortgaged Property.

Section 4.06. Maintenance of Mortgaged Property. So long as the Mortgagor holds title to the Mortgaged Property, the Mortgagor will at all times maintain and preserve the Mortgaged Property in good repair, working order and condition, ordinary wear and tear excepted, and in compliance with all applicable laws, regulations and orders, and will from time to time make all necessary 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 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, with the consent of the Principal Mortgagees, 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 this Section in respect of the leased facilities and permit the Mortgagor to operate the leased facilities in the event of any failure by the lessee to so comply.

Section 4.07. Insurance; Restoration of Damaged Mortgaged Property. The Mortgagor will take out, as the respective risks are incurred, and maintain the classes and amounts of insurance in conformance with generally accepted utility industry standards for such classes and amounts of coverages of utilities of the size and character of the Mortgagor.

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

In the event of damage to or the destruction or loss of any portion of the Mortgaged Property, unless the Principal Mortgagees shall otherwise agree, the Mortgagor shall promptly 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. Provided that no Potential Default or Event of Default exists, each Mortgagee shall provide to the Mortgagor any insurance proceeds received by such Mortgagee upon such reasonable terms and conditions as such Mortgagee may require in order to ensure that such proceeds are used for the foregoing purpose and that such required replacement or restoration will be completed. The Mortgagor shall replace the lost portion of the Mortgaged Property or shall commence such restoration promptly after such damage, destruction or loss shall have occurred and shall complete such replacement or restoration as expeditiously as practicable and in such a manner as to ensure that such replacement or restoration shall be so completed shall be free and clear of all Liens other than Permitted Encumbrances..

Except to the extent used to replace or repair damaged property as required by this Section, all proceeds of any policy or bond shall, unless otherwise directed by the Mortgagees, be applied to the prepayment of the Notes pro rata according to the unpaid principal amounts thereof (such prepayments to be applied to such Notes and installments thereof as may be designated by the Mortgagees at the time of any such prepayment).

At the request of any Principal Mortgagee, the Mortgagor shall exercise such rights and remedies which it may have under such policy or fidelity bond and which may be designated by such Principal Mortgagee, and the Mortgagor hereby irrevocably appoints such Principal Mortgagee as its agent to exercise such rights and remedies under such policy or bond as such Principal Mortgagee may choose, and the Mortgagor shall pay all costs and expenses incurred by such Principal Mortgagee in connection with such exercise.

Section 4.08. Mortgagees' Right to Expend Money to Protect Mortgaged Property. The Mortgagor agrees that any Principal Mortgagee from time to time hereunder may in its sole discretion, but shall not be obligated to, after having given five (5) Business Days prior written notice to Mortgagor, advance funds on behalf of Mortgagor, in order to insure Mortgagor's compliance with any covenant, warranty, representation or agreement of Mortgagor made in or pursuant to this Mortgage or any Loan Agreement, to preserve or protect any right or interest of the Mortgagees in the Mortgaged Property or under or pursuant to this Mortgage or any Loan Agreement, including without limitation, the payment of any insurance premiums or taxes and the satisfaction or discharge of any judgment or any Lien upon the Mortgaged Property or other property or assets of Mortgagor; provided, however, that the making of any such advance by a Mortgagee shall not constitute a waiver by such Mortgagee of any Event of Default with respect to which such advance is made nor relieve the Mortgagor of any such Event of Default. Notwithstanding the foregoing, if, in the sole discretion of any Principal Mortgagee, a situation arises which requires immediate action by such Mortgagee to preserve and protect any of the Mortgaged Property given to secure the obligations secured by this Mortgage, such Principal Mortgagee shall be free to take such action as it reasonably deems appropriate to preserve and protect such Mortgaged Property without delivery of prior written notice to Mortgagor, or if such notice has been delivered, without waiting for the expiration of the aforementioned grace period. The Mortgagor shall pay to such Mortgagee upon demand all such advances made by such Mortgagee with interest thereon at a rate equal to such Mortgagee's rate at such time for short-term loans (which, in the case of CoBank, shall mean the "CoBank Base Rate" (as established by CoBank from time to time) and, in the case of CFC, shall mean its CFC Variable Rate) but in no event shall such rate be in excess of the maximum rate permitted by applicable law. All such advances shall be included in the obligations and secured by this Mortgage.

Section 4.09. Further Assurances. Upon the written request of any Mortgagee, the Mortgagor shall promptly make, execute, acknowledge and deliver or cause to be made, executed, acknowledged or delivered to such Mortgagee all such further and supplemental indentures of mortgage, deeds of trust, mortgages, financing statements and amendments thereto (including continuation statements), security agreements, pledge agreements, stock powers or other such instruments of transfer or assignment duly executed in blank, stock certificates or other securities representing any of the Mortgaged Property, instruments (including any promissory notes held or acquired by the Mortgagor, duly endorsed and assigned to the Mortgagee) and conveyances as may reasonably be requested by the Mortgagee, and take or cause to be taken all such further action as may reasonably be requested by the Mortgagee to insure the attachment, perfection and first priority of, and the ability of the Mortgagee to enforce, the Mortgagee's Lien on and security interest in any or all of the Mortgaged Property. 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, amendment thereto (including continuation statements) and every additional instrument which shall be executed pursuant to the foregoing provisions forthwith upon execution to be recorded and filed and re-recorded and re-filed 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 the Mortgagee in order to insure the attachment, perfection and first priority of, and the ability of the Mortgagee to enforce, the Mortgagee's Lien on and security interest in any or all of the Mortgaged Property.

Section 4.10. Application of Proceeds from Condemnation. In the event that the Mortgaged Property or any part thereof shall be taken or sold under the power of eminent domain or like power, all proceeds and avails therefrom may be used to finance construction of facilities secured or to be secured by this Mortgage; provided, however, that in the event all or any material part of the facilities shall be taken or sold, the proceeds shall be used to prepay the Notes unless the Principal Mortgagees otherwise agree. Any proceeds not so used shall forthwith be applied by the Mortgagor: first, to the ratable payment of any indebtedness secured by this Mortgage other than principal of or interest on the Notes; second, to the ratable payment of interest which shall have accrued on the Notes and be unpaid; third, to the ratable payment of or on account of the unpaid principal of the Notes, to such installments thereof as may be designated by the Mortgagees at the time of any such payment; and fourth, the balance shall be paid to Mortgagor or whoever shall be entitled thereto.

Section 4.11. Compliance with Loan Agreements. The Mortgagor will observe and perform all of the covenants, agreements, terms and conditions contained in each Loan Agreement entered into in connection with the issuance of any of the Notes, as from time to time amended (which terms shall be, notwithstanding any conflict, in addition to the terms hereof). The Mortgagor will send promptly to each Mortgagee notice of any default by the Mortgagor under any Loan Agreement.

Section 4.12. Rights of Way, etc. The Mortgagor will use its best efforts to obtain all such rights of way, easements from landowners and releases from Lien holders as shall be necessary or advisable in the conduct of its business, and, if requested by the Mortgagees, deliver to the Mortgagees evidence satisfactory to it that it has obtained such rights of way, easements or releases.

Section 4.13. Mortgagor's Legal Status. (a) The Mortgagor represents, warrants, covenants and agrees that: (i) the Mortgagor's exact legal name is that indicated on the signature page hereof, (ii) the Mortgagor is an organization of the type and organized in the jurisdiction set forth on the first page hereof, (iii) the cover page hereof accurately sets forth the Mortgagor's organizational identification number or accurately states that the Mortgagor has none and (iv) Section 7.04 hereof accurately sets forth the Mortgagor's place of business or, if more than one, its chief executive office as well as the Mortgagor's mailing address if different.

(b) (i) The Mortgagor will not change its name, its place of business or, if more than one, chief executive office, or its mailing address or organizational identification number if it has one, without providing prior written notice to each of the Mortgagees at least thirty (30) days prior to the effective date of any change, (ii) if the Mortgagor does not have an organizational identification number and later obtains one, the Mortgagor will promptly notify each of the Mortgagees of such organizational identification number and (iii) the Mortgagor will not change

its type of organization, jurisdiction of organization or other legal structure without the prior written consent of the Mortgagees.

Section 4.14. Authorization to File Financing Statements. The Mortgagor hereby irrevocably authorizes any Mortgagee at any time and from time to time to file in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the Mortgaged Property (i) as all assets of the Mortgagor or words of similar effect, regardless of whether any particular asset comprised in the Mortgaged Property falls within the scope of Article 9 of the applicable Uniform Commercial Code, or (ii) as being of an equal or lesser scope or with greater detail, and (b) contain any other information required by part 5 of Article 9 of the applicable Uniform Commercial Code for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether the Mortgagor is an organization, the type of organization and any organizational identification number issued to the Mortgagor and (ii) in the case of a financing statement filed as a fixture filing, a sufficient description of real property to which the Mortgaged Property relates. The Mortgagor agrees to furnish any such information to any Mortgagee promptly upon request. The Mortgagor also ratifies its authorization for any Mortgagee to have filed in any Uniform Commercial Code jurisdiction any like initial financing statements or amendments thereto if filed prior to the date hereof.

Section 4.15. Other Actions Concerning Mortgaged Property. The Mortgagor will take any other action reasonably requested by any of the Mortgagees to insure the attachment, perfection and first priority of, and the ability of the Mortgagees to enforce, the Mortgagee's Lien on and security interest in any and all of the Mortgaged Property, including, without limitation (a) complying with any provision of any statute, regulation or treaty of the United States as to any Mortgaged Property if compliance with such provision is a condition to attachment, perfection or priority of, or ability of the Mortgagee to enforce, the Mortgagee's security interest in such Mortgaged Property, (b) obtaining governmental and other third party consents and approvals, including without limitation any consent of any licensor, lessor or other person obligated on Mortgaged Property, (c) obtaining waivers from mortgagees and landlords in form and substance satisfactory to the Mortgagee and (d) taking all actions required by any earlier versions of the Uniform Commercial Code or by other law, as applicable in any relevant Uniform Commercial Code jurisdiction, or by other law as applicable in any foreign jurisdiction.

Section 4.16. Opinion of Counsel. The Mortgagor will furnish to each Mortgagee promptly after the execution and delivery of this Mortgage and of each other instrument of further assurance, an opinion of counsel stating that, in the opinion of such counsel, this Mortgage and all such instruments of further assurance have been properly recorded, registered, and filed to the extent necessary to make effective the lien intended to be created by this Mortgage, and reciting the details of such action or referring to prior opinions of counsel in which such details are given, and stating that all financing statements and continuation statements have been filed that are necessary fully to preserve and protect the rights of all of the Mortgagees hereunder, or stating that, in the opinion of such counsel, no such action is necessary to make the lien effective.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES OF THE MORTGAGEES

Section 5.01. Events of Default: Each of the following shall be an "Event of Default:"

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

(b) Other Mortgage Covenants. Failure of Mortgagor to observe or perform any covenant, condition or agreement on the part of the Mortgagor, in this Mortgage, and such default shall continue for a period of thirty (30) days after written notice specifying such default shall have been given by any Mortgagee to the Mortgagor and each of the other Mortgagees;

(c) Bankruptcy. The Mortgagor shall: (1) apply for, consent to, or acquiesce in the appointment of a trustee, receiver, custodian or other similar official for it or any material part of its property; (2) have commenced against it or any material part of its property any action or proceeding for the appointment of a trustee, receiver, custodian or other similar official and such action or proceeding is not dismissed within 60 days of the date thereof, or a trustee, receiver, or other custodian is appointed for all; (3) make an assignment for the benefit of creditors or commence any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, or liquidation law of any jurisdiction; (4) have any action or proceeding commenced against it under any reorganization, arrangement, readjustment of debt, dissolution, or liquidation law of any jurisdiction and such proceeding shall not be dismissed within sixty (60) days after the institution thereof or an order adverse to the Mortgagor shall be entered therein;

(d) Dissolution or Liquidation. Other than as provided in subsection (c) above, the dissolution or liquidation of the Mortgagor, or failure by the Mortgagor promptly to forestall or remove any execution, garnishment or attachment of such consequence as will impair its ability to continue its business or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within sixty (60) days;

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

(f) Final Judgment. A final judgment shall be entered against the Mortgagor and shall remain unsatisfied or without a stay in respect thereof for a period of sixty (60) days;

(g) Representations and Warranties. Any representation or warranty made by the Mortgagor herein, in any Loan Agreement or in any certificate or financial statement delivered hereunder or thereunder shall prove to be false or misleading in any material respect;

(h) Other Obligations. Default by the Mortgagor in the payment of any obligation, whether direct or contingent, for borrowed money or in the performance or observance of the terms of any instrument pursuant to which such obligation was created or securing such obligation; or

(i) Cross Default. (1) Failure of Mortgagor to observe or perform any covenant, condition or agreement on the part of the Mortgagor in any of the Notes or any Loan Agreement, and such default shall continue for a period of thirty (30) days after

written notice specifying such default shall have been given to the Mortgagor and each of the other Mortgagees by the Mortgagee that is a party to such Loan Agreement or payee of such Note; or (2) an "Event of Default" (as defined in any Loan Agreement) should occur.

Section 5.02. Acceleration of Maturity; Rescission and Annulment.

(a) Defaults. If an Event of Default described in Section 5.01 shall have occurred and be continuing, any Mortgagee may declare the principal of, and any other amounts due on account of, its Notes secured hereunder to be due and payable immediately by a notice in writing to the Mortgagor and all other Mortgagees and upon such declaration, all unpaid principal (premium, if any) and accrued interest so declared shall become due and payable immediately, anything contained herein or in any Note or Notes to the contrary notwithstanding. If any Mortgagee declares its Notes due and payable, any other Mortgagee may, at any time thereafter, declare its Notes due and payable.

(b) Rescission and Annulment. If at any time after the unpaid principal of (premium, if any) and accrued interest on any of the Notes shall have been so declared to be due and payable, all payments in respect of principal and interest which shall have become due and payable by the terms of such Note or Notes (other than amounts due as a result of the acceleration of the Notes) shall be paid to the respective Mortgagees, and all other defaults hereunder and under the Notes shall have been made good and secured to the satisfaction of each of the Mortgagees, then and in every such case, the Mortgagee or Mortgagees who have declared the principal of (and premium, if any) and accrued interest on Notes held by such Mortgagee or Mortgagees to be due and payable may, by written notice to the Mortgagor and the other Mortgagees, annul such declaration and waive such default and the consequences thereof, but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

Section 5.03. Remedies of Mortgagees. If one or more of the Events of Default shall occur and be continuing, any Principal Mortgagee and, upon occurrence of an Event of Default described in Section 5.01(a), any other Mortgagee with respect to which such Event of Default has occurred and which has accelerated its Notes, personally or by attorney, in its or their discretion, may (upon written notice to each other Mortgagee), to the fullest extent permitted by law:

(a) Possession; Collection. 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, profits and proceeds pertaining to or arising from the Mortgaged Property, or any part thereof, whether then past due or accruing thereafter, and issue binding receipts therefor; and manage, control and operate the Mortgaged Property as fully as the Mortgagor might do if in possession thereof, including, without limitation, the making of all repairs or replacements deemed necessary or advisable;

(b) Enforcement; Receiver. Proceed to protect and enforce the rights of each Mortgagee by suits or actions in equity or at law in any court or courts of competent jurisdiction, whether for specific performance of any covenant or any agreement contained herein or in any Loan Agreement 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 debt hereby secured or for the enforcement

of such other or additional appropriate legal or equitable remedies as may be deemed necessary or advisable to protect and enforce the rights and remedies herein granted or conferred, and in the event of the institution of any such action or suit, such Mortgagee shall have the right to have appointed a receiver of the Mortgaged Property and of all rents, income, revenues, profits and proceeds pertaining thereto or arising therefrom, whether then past due or accruing after the appointment of such receiver, derived, received or had from the time of the commencement of such suit or action, and such receiver shall have all the usual powers and duties of receivers in like and similar cases, to the fullest extent permitted by law, and if application shall be made for the appointment of a receiver the Mortgagor hereby expressly consents that the court to which such application shall be made may make said appointment ex parte; and

(c) Foreclosure. Immediately foreclose this Mortgage and, in any foreclosure proceeding the court shall, upon application, at once, and without notice to Mortgagor, or any party claiming under said Mortgagor, and without giving bond on such application (such notice and bond being hereby expressly waived) and also without reference to the then value of the Mortgaged Property, to the use of said Mortgaged Property as a homestead, or to the solvency or insolvency of any person liable for any of the Notes secured hereby, appoint a receiver for the benefit of the legal holder of the Notes secured hereby, to take possession of the Mortgaged Property, with power to collect rents, issues, and profits of the Mortgaged Property, then due or to become due, during the pendency of such foreclosure suit, and until the time to redeem the same shall expire (such rents, issues and profits being hereby expressly assigned and pledged as additional security for the payment of the Notes secured by this Mortgage); this provision for appointment of a receiver being expressly a condition upon which the loans evidenced by the Notes hereby secured was made; and Mortgagor hereby further consents that said receiver may, out of the said rents, pay prior or subordinate liens, the taxes, assessments, water rates and insurance on Mortgaged Property, then due or unpaid or accruing whether before or after the filing of such bill, and for any necessary repairs thereon, and management and rental fees and any other proper charges, and the amount of any deficiency decree; provided that, in case of any default or breach, as aforesaid, as a concurrent (and not alternative or exclusive) remedy and measure for making effective the terms provisions and purposes hereof, it shall be lawful for Mortgagee, its agent or attorney forthwith (either with or without process of law, forcibly or otherwise) to enter upon and take possession of said Mortgaged Property and to expel and remove any person, goods or chattels, occupying or upon the same, to collect and to receive all the rents, issues and profits therefrom, from time to time, to manage and control the same and make all necessary repairs, and lease the same or any part thereof at such rentals as in its sole discretion it may deem just and reasonable, and after deducting all reasonable attorneys' fees and all expenses incurred in the protection, care, repair and management of said Mortgaged Property, apply the remaining income upon the Notes hereby secured in the same manner as is hereafter provided upon the sale of said Mortgaged Property under foreclosure; and said Mortgagor hereby expressly releases and waives any and all right to possession, control or management of the Mortgaged Property, or to the rents, issues and profits therefrom, after any default or breach of the terms or provisions of this Mortgage and said Mortgagor hereby further expressly releases and waives any and all damages and claims for damages occasioned by such expulsion.

Section 5.04. Application of Proceeds from Remedial Actions. Any proceeds or funds arising from the exercise of any rights or the enforcement of any remedies herein provided after the payment or provision for the payment of any and all costs and expenses in connection

with the exercise of such rights or the enforcement of such remedies shall be applied first, to the ratable payment of indebtedness hereby secured other than the principal of (and premium, if any) or interest on the Notes; second, to the ratable payment of interest which shall have accrued on the Notes and which shall be unpaid; third, to the ratable payment of or on account of the unpaid principal of the Notes; fourth, to the ratable payment of any premium or other amounts due under the Notes and the Loan Agreements, and the balance, if any, shall be paid to the Mortgagor or whosoever shall be lawfully entitled thereto.

Section 5.05. Remedies Cumulative; No Election. Every right or remedy herein conferred upon or reserved to the Mortgagees shall be cumulative and shall be in addition to every other right and remedy given hereunder or under any Loan Agreement or now or hereafter existing at law, or in equity, or by statute. The pursuit of any right or remedy shall not be construed as an election.

Section 5.06. 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 5.07. Notice of Default. The Mortgagor covenants that it will give immediate written notice to each Mortgagee of the occurrence of an Event of Default.

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 pay or cause to be paid the whole amount of the principal of (premium, if any) and interest on the Notes at the times and in the manner therein provided, and shall also pay or cause to be paid all other sums payable by the Mortgagor hereunder and under the Loan Agreements, and shall keep and perform all covenants herein required to be kept and performed by it, then and in that case, provided no Mortgagee has any commitment to extend additional credit to the Mortgagor that is required to be secured hereunder, all property, rights and interest hereby conveyed or assigned or pledged shall revert to the Mortgagor and the estate, right, title and interest of the Mortgagees shall thereupon cease, determine and become void and each Mortgagee, in such case, on written demand of the Mortgagor but at the Mortgagor's cost and expense, shall enter satisfaction of the Mortgage upon the record. In any event, each Mortgagee, upon payment in full by the Mortgagor of all principal of (and premium, if any) and interest on all Notes held by such Mortgagee and the payment and discharge by the Mortgagor of all charges due to such Mortgagee hereunder or under all applicable Loan Agreements, shall execute and deliver to the Mortgagor such instruments of

satisfaction, discharge or release of such Mortgagee's interest hereunder as shall be required by law in the circumstances, if any.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Property Deemed Real Property. It is hereby declared to be the intention of the Mortgagor that any electric generating plant or plants and facilities and all electric transmission and distribution lines or other electric or non-electric systems and facilities embraced in the Mortgaged Property, including, without limitation, all rights of way and easements granted or given to the Mortgagor or obtained by it to use real property in connection with the construction, operation or maintenance of such plant, lines, facilities or systems, and all other property physically attached to any of the foregoing, shall be deemed to be real property.

Section 7.02. Mortgage to Bind and Benefit Successors and Assigns. All of the covenants, stipulations, promises, undertakings and agreements herein contained by or on behalf of the Mortgagor shall bind its successors and assigns, whether so specified or not, and all titles, rights and remedies hereby granted to or conferred upon the Mortgagees shall pass to and inure to the benefit of the successors and assigns of the Mortgagees. The Mortgagor hereby agrees to execute such consents, acknowledgments and other instruments as may be reasonably requested by any Mortgagee in connection with the assignment, transfer, mortgage, hypothecation or pledge of the rights or interests of such Mortgagee hereunder or under the Notes or in and to any of the Mortgaged Property.

Section 7.03. Headings. The descriptive headings of the various articles of this Mortgage were formulated and inserted for convenience only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

Section 7.04. Notices. All notices, requests and other communications provided for herein including, without limitation, any modifications of, or waivers, requests or consents under, this Mortgage shall be given or made in writing (including, without limitation, by telecopy) and delivered or telecopied to the intended recipient at the "Address for Notices" specified, or, as to any party, at such other address as shall be designated by such party in a notice to each other party. Except as otherwise provided in this Mortgage, all such communications shall be deemed to have been duly given when personally delivered or, in the case of a telecopied or mailed notice, upon receipt, in each case given or addressed as provided for herein. The Addresses for Notices of the respective parties are as follows:

As to the Mortgagor:

Sulphur Springs Valley Electric Cooperative, Inc.
P.O. Box 820
Willcox, Arizona 85644
Attention: President/CEO
Fax: (520) 515-3487

As to the Mortgagees:

CFC: National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way

Herndon, Virginia 20171-3025
Attention: Senior Vice President - Member Services
Fax: (703) 709-6776

CoBank: CoBank, ACB
5500 South Quebec Street
Greenwood Village, Colorado 80111
Attention: Communications and Energy Banking Group
Fax: (303) 224-2553

Section 7.05. Severability. The invalidity of any one or more phrases, clauses, sentences, paragraphs or provisions of this Mortgage shall not affect the remaining portions hereof.

Section 7.06 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", a "financing statement" and a "fixture filing" under the Uniform Commercial Code. The Mortgagor herein is the "debtor" and the Mortgagees herein are "secured parties." The mailing addresses of the Mortgagor as debtor and of each Mortgagee as a secured party are as set forth in Section 7.04 hereof. The Mortgagor is an organization of the type and organized in the jurisdiction set forth on the first page hereof. The cover page hereof accurately sets forth the Mortgagor's organizational identification number or accurately states that the Mortgagor has none.

Section 7.07. Governing Law. The effect and meaning of this Mortgage, and the rights of all parties hereunder, shall be governed by, and construed according to, the laws of the State of Arizona, except to the extent governed by federal law.

Section 7.08. Indemnification by Mortgagor of Mortgagees. The Mortgagor agrees to indemnify, defend and save harmless each Mortgagee against any liability or damages which any of them may incur or sustain in the exercise and performance of their rightful powers and duties hereunder. The obligation of Mortgagor to reimburse and indemnify each Mortgagee hereunder shall be secured by this Mortgage in the same manner as the Notes and all such reimbursements for expense or damage shall be paid to the Mortgagee incurring or suffering the same with interest at the rate specified in Section 4.08 hereof.

Section 7.09. Counterparts. 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 7.10. Costs and Expenses: Mortgagor agrees to pay and be liable for any and all expenses, including, but not limited to reasonable attorney's fees, court costs, receiver's fees, costs of advertisement and agent's compensation, incurred by any Mortgagee in exercising or enforcing any of its rights hereunder. Such sums shall be secured hereby and shall be payable forthwith to the Mortgagee incurring the same, with interest thereon at the rate specified in Section 4.08 hereof.

(signature pages follow)

IN WITNESS WHEREOF, SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC., the Mortgagor, has caused this Amended and Restated Mortgage and Security Agreement Mortgage to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers thereunto duly authorized, and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, as Mortgagee, has caused this Mortgage to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers thereunto duly authorized, and COBANK, ACB, as Mortgagee, has caused this Mortgage 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.

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

(SEAL)

By: Dan Bannera

Title: President

Attest: [Signature]

Title: CEO

STATE OF ARIZONA)
COUNTY OF Cochise)SS

I, a Notary Public, in and for said County in the State aforesaid, do hereby certify that Dan Bannera personally known to me to be the President of SSVEC, whose name is subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such President, he/she signed and delivered the said instrument of writing as President of said corporation, pursuant to authority given by the Board of Directors of said corporation as their free and voluntary act, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 20 day of April, 2011.

[Signature]
Name: Christopher Hitchcock
Notary Public

My Commission Expires:
7/13/13

Appendix A - Instruments Recital

The Maximum Debt Limit referred to in Section 1.01 is \$350,000,000.00.

The instruments referred to in the preceding recitals are as follows:

1. "Original Mortgage:"

Instrument	Mortgage Date	Recorded In	Mortgagee
Restated Mortgage and Security Agreement	December 6, 2007	Cochise, Santa Cruz, Graham, and Pima Counties	National Rural Utilities Cooperative Finance Corporation

2. "Current CoBank Loan Agreement" shall mean the following loan agreements.

Master Loan Agreement No. RX0850 dated as of April 20, 2011.

Promissory Note and Supplement No. RX0850T1 dated as of April 20, 2011, in the principal amount of \$72,680,000.

Promissory Note and Supplement No. RX0850T2 dated as of April 20, 2011, in the principal amount of \$46,300,000.

3. "Current CoBank Notes"

Loan Designation	Loan Amount	Note Date	Maturity Date
RX0850T1	\$72,680,000.00	April 20, 2011	December 20, 2042
RX0850T2	\$46,300,000.00	April 20, 2011	September 20, 2038

4. "Current CFC Loan Agreement"

Loan Agreement dated April 20, 2011.

5. "Current CFC Notes"

Loan Designation	Loan Amount	Note Date	Maturity Date
AZ014-A-9052	\$72,680,000	April 20, 2011	December 20, 2042

6. "Outstanding Loan Agreements" are those loan agreements dated as of:

	04/15/1986	04/02/2001	
01/13/1977		08/29/1986	09/10/2003
02/24/1978		04/18/1989	03/19/2004
01/17/1980		01/29/1992	09/08/2004
04/23/1982		01/19/1994	12/06/2007
03/15/1983		04/26/1995	12/21/2007
04/09/1984		07/01/1998	03/25/2004

7. The outstanding indebtedness described in the second WHEREAS clause above as evidenced by the Original CFC Notes is as follows:

CFC Loan Designation	Face Amount of Note	Note Date	Maturity Date
AZ014-A-9007	\$ 622,000	06/14/1977 as substituted 09/18/1986	06/14/2012
AZ014-A-9010	\$ 644,000	04/18/1978	04/18/2013
AZ014-A-9013	\$ 2,171,000	05/20/1980	05/20/2015
AZ014-A-9016	\$ 1,988,000	08/20/1982 as substituted 08/29/1983	08/20/2017
AZ014-A-9017	\$ 2,104,000	08/20/1984	08/20/2019
AZ014-A-9018	\$ 3,520,833	11/18/1986	11/18/2021
AZ014-A-9019	\$ 2,401,042	04/18/1989	04/18/2024
AZ014-A-9020	\$ 1,781,250	01/29/1992	01/29/2027
AZ014-A-9021	\$ 1,808,333	01/19/1994	01/19/2029
AZ014-A-9022	\$ 1,705,000	04/26/1995	04/26/2030
AZ014-A-9023	\$ 3,714,000	07/01/1998	07/01/2033
AZ014-A-9026	\$18,281,000	04/02/2001 as substituted 03/25/2004	04/02/2036
AZ014-A-9027	\$ 2,878,000	04/02/2001 as substituted 03/25/2004	04/02/2036
AZ014-A-9028	\$ 9,270,000	03/19/2004	03/19/2039
AZ014-A-9029	\$28,304,131	09/10/2003	12/31/2028
AZ014-V-9030	\$46,364,000	09/08/2004	09/08/2044
AZ014-A-9031-CB001	\$ 840,000	12/21/2007	12/01/2023
AZ014-V-9033	\$70,780,000	12/06/2007	12/06/2047
AZ014-A-9034-CB001	\$ 560,000	12/21/2007	12/01/2023
AZ014-A-9035-CB001	\$ 840,000	12/21/2007	12/01/2023
AZ014-A-9036-CB001	\$ 280,000	12/21/2007	12/01/2023
AZ014-A-9037-CB001	\$ 280,000	12/21/2007	12/01/2023
AZ014-A-9038-CB001	\$ 280,000	12/21/2007	12/01/2023
AZ014-A-9039-CB001	\$ 280,000	12/21/2007	12/01/2023
AZ014-A-9040-CB001	\$ 840,000	12/21/2007	12/01/2023
AZ014-A-9041-CB001	\$ 280,000	12/21/2007	12/01/2023
AZ014-A-9042-CB001	\$ 560,000	12/21/2007	12/01/2023
AZ014-A-9043-CB001	\$ 840,000	12/21/2007	12/01/2023
AZ014-A-9044-CB001	\$ 560,000	12/21/2007	12/01/2023

AZ014-A-9045- CB001	\$ 280,000	12/21/2007		12/01/2023
AZ014-A-9046- CB001	\$ 2,520,000	12/21/2007		12/01/2023
AZ014-A-9047- CB001	\$ 280,000	12/21/2007		12/01/2023
AZ014-A-9048- CB001	\$ 560,000	12/21/2007		12/01/2023
AZ014-A-9049- CB001	\$ 280,000	12/21/2007		12/01/2023
AZ014-A-9050- CB001	\$ 280,000	12/21/2007		12/01/2023
AZ014-A-9051- CB001	\$ 840,000	12/21/2007		12/01/2023

Appendix B

1. A certain tract of land described in a certain deed, dated July 20, 1939, by First National Bank of Arizona, Phoenix, as trustee, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Book 74, Mortgages of Real Estate, page 282.
2. A certain tract of land described in a certain deed, dated January 25, 1944, by Southern Arizona Public Service Company, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Book 136, page 272. EXCEPT Lots 11, 12, 13, 14, 15 and 16, in Block 33, Willcox Townsite, Cochise County, Arizona; Lot 2, Block 2, Bryan's Addition to Benson, Cochise County, Arizona.
3. A certain tract of land described in a certain deed, dated November 16, 1944, recorded June 2, 1949, by Myron B. Davis, as trustee for Myron B. Davis, Katherine Davis, Eleanor Davis, R. L. Davis, Jr., Elizabeth Davis, and Edwin Davis, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 26, pages 275-276.
4. A certain tract of land described in a certain deed, dated September 16, 1950, by S. E. Evans and Ila Evans, his wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 54, pages 540-542.
5. A certain tract of land described in a certain deed (quit claim), dated August 13, 1953, by Charles S. Boll and Estelle M. Boll, his wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 105, pages 97-98.
6. A certain tract of land described in a certain deed, dated January 11, 1954, by John L. and Eva C. Stevens, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 96, pages 371-372.
7. A certain tract of land described in a certain deed, dated November 30, 1954, by Charles E. Morris and Norma E. Morris, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 111, pages 547-548.
8. A certain tract of land described in a certain deed, dated November 18, 1955, by the Willcox Board of Trustees No. 13, its grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 136, pages 121-122.
9. A certain tract of land described in a certain deed, dated October 9, 1956, by City Council of Willcox, Arizona, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 155, pages 450-452, No. 12175.
10. A certain tract of land described in a certain deed, dated March 21, 1957, by Phoenix Title and Trust, trustee for Margaret Z. Carmichael, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 166, pages 251-252.
11. A certain tract of land described in a certain deed, dated April 29, 1958, by G. W. Page, a single man, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 191, pages 176-177.

12. A certain tract of land described in a certain deed, dated May 21, 1958, by Allgood Land and Cattle, a corporation, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 206, pages 58-59.
13. A certain tract of land described in a certain deed, dated March 4, 1959, by Bert N. Smith and Mildred L. Smith, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 210, page 294.
14. A certain tract of land described in a certain deed, dated January 22, 1960, by Cassie B. Cawood, a widow, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 236, pages 187-188.
15. A certain tract of land described in a certain deed, dated January 23, 1961, by Phoenix Title and Trust, as grantor, to mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona. in Docket 266, page 298.
16. A certain tract of land described in a certain deed, dated December 1, 1961, by Edward O. Loftus and Mona L. Loftus, husband and wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Santa Cruz County Recorder, State of Arizona, in Docket 42, pages 100-101.
17. A certain tract of land described in a certain deed, dated January 25, 1963, by Delia Davis, a widow, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona. in Docket 323, pages 449-450.
18. A certain tract of land described in a certain deed, dated June 25, 1964, by George V. Grosh and Mildred S. Grosh, his wife, as .grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 359, pages 388.
19. A certain tract of land described in a certain deed, dated November 16, 1964, by M. C. Murrell, President of Sulphur Springs Development Company, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 369, page 252, Instrument No. 18873.
20. A certain tract of land described in a certain deed, dated March 12, 1965, by John Boyd and Mary Boyd, his wife, and Wayne Boyd and Eloise Boyd, his wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Graham County Recorder, State of Arizona, in Docket 101, page 337.
21. A certain tract of land described in a certain deed, dated January 24, 1968, by the Arizona Electric Power Cooperative, Inc., as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder; State of Arizona, in Docket 522, pages 361-362.
22. A certain tract of land described in a certain deed, dated July 24, 1969, by Kern County Land Company, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 598, pages 532-533.
23. A certain tract of land described in a certain deed, dated September 23, 1969, by Gifford-Hill and Company, a Delaware Corporation, as grantor, to the mortgagor. as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 610, pages 145-147.

24. A certain tract of land described in a certain deed, dated July 3, 1973, by Board of Trustees of School District No. 13, Willcox, Arizona, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 929, page 37.
25. A certain tract of land described in a certain deed, dated June 10, 1974, by Robley G. Gould and Hilda H. Gould, husband and wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 940, page 534.
26. A certain tract of land described in a certain deed, dated July 26, 1974, by Scott V. Swanson and Pauline U. Swanson, husband and wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 956, page 229.
27. A certain tract of land described in a certain deed, dated January 20, 1975, by H. Wayne Peterson and Nelda Louise Peterson, husband and wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 995, page 54.
28. A certain tract of land described in a certain deed, dated October 22, 1976, by William S. Yarbrough and Valta E. Yarbrough, husband and wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 1112, page 496.
29. A certain tract of land described in a certain deed, dated December 27, 1979, by Albert L. Blankenship, President, Blankenship Construction Co., Inc., an Arizona corporation, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 1389, pages 25-26.
30. A certain tract of land described in a certain deed, dated January 29, 1982, by Joseph J. DeFrancesco, Esquire, Trustee, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 1568, pages 7-8.
31. A certain tract of land described in a certain deed, dated March 1, 1982, by Keith L. Hakes, Member, Board of Trustees of Sierra Vista United Methodist Church, an Arizona corporation, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 1576, pages 66-67.
32. A certain tract of land described in a certain deed, dated May 28, 1982, by Samuel J. Fraizer and Ilene M. Fraizer, husband and wife, as grantors, to the mortgagor, as grantee, and recorded in the office of Santa Cruz County Recorder, State of Arizona, in Docket 327, pages 85-86.
33. A certain tract of land described in a certain deed, dated September 26, 1983, by Ted Johnson, President, Grain Co-op of Arizona, an Arizona corporation, as grantor, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, in Docket 1706, page 517.
34. A certain tract of land described in a certain deed, dated April 21, 1986, by Carl A. Naegle and Lena B. Naegle, as to an undivided $\frac{1}{2}$ interest, and Raymond L. Naegle and Doris O. Naegle, as to an undivided $\frac{1}{2}$ interest, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, as Fee #860408371.

35. A certain tract of land described in a certain deed, dated August 28, 1986, by James K. Kerley and Katherine M. Kerley, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, as Fee #860919128.
36. A certain tract of land described in a certain deed, dated March 8, 1994, by Judy F. Cocke, Jacqueline Elizabeth' Hooker Hughes, and M. R. Campbell and Linda O. Campbell, as grantors, to the mortgagor, as grantee, and recorded in the office of Cochise County Recorder, State of Arizona, as Fee #940306590.
37. A certain tract of land described in a certain deed, dated January 6, 1998, by Socorro Isabel D. Avila, also known as Isabel D Avila, as grantor, to the mortgagor, as 'grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee Number 980101776.
38. A certain tract of land described in a certain deed, dated May 19, 2003, by Eurofresh, Inc., an Arizona corporation, as grantor, to the mortgagor, as grantee, and recorded in the office of the Graham County Recorder, State of Arizona, at Fee # 2003-03354.

TOGETHER WITH all plants, works, structures, erections, reservoirs, dams, buildings, fixtures and improvements now or hereafter located on any of the properties conveyed by any and all of the aforesaid deeds mentioned above, and all tenements, hereditaments and appurtenances now or hereafter thereunto belonging or in anywise appertaining.

The description of each of the properties conveyed by and through the provisions of the aforesaid deeds is by reference make a part hereof as though fully set forth at length herein.

39. A certain tract of land described in a certain deed dated April 28, 2004, by DMN Limited Partnership, an Arizona limited partnership, as grantor, to the mortgagor, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #040514988.
40. A certain tract of land described in a certain deed dated December 13, 2004, by Pioneer Title Agency, Inc., an Arizona corporation, as Trustee, under Trust No. 00953330, as grantor, to the mortgagor, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #050100417.
41. A certain tract of land described in a certain deed dated March 9, 2005, by Castle & Cooke Arizona, Inc., an Arizona Corporation formerly known as Arizona Newsub, Inc., an Arizona Corporation, as grantor, to the mortgagor, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #050413790.
42. A certain tract of land described in a certain deed dated March 30, 2006, by Spilde Investments, L.L.C., an Arizona limited liability company, as grantor, to the mortgagor, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #060312209.
43. A certain tract of land described in a certain deed dated April 6, 2006, by Leslie H. Jones and Mary D. Jones, as Trustees of the Leslie H. Jones and Mary D. Jones Revocable Trust, dated March 25, 1996, as grantors, to the mortgagor, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #060414227.
44. A certain tract of land described in a certain deed dated August 16, 2006, by the County of Cochise, a political subdivision, as grantor, to the mortgagor, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #060831698.

45. A certain tract of land described in a certain deed dated July 2, 2007, by Linda Jo Langley, Trustee of the Angelita F. Spencer Irrevocable Trust, as grantor, to the mortgagor, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #070722303.

EXCEPTING therefrom, a certain tract of land described in a certain deed dated June 29, 2005, by the mortgagor, as grantor, to Castle & Cooke Arizona, Inc., an Arizona Corporation, as grantee, and recorded in the office of the Cochise County Recorder, State of Arizona, at Fee #050725599.

Appendix C -Excepted Property

- (A) The account maintained or to be established at CoBank by the Mortgagor into which the proceeds of one or more clean renewable energy bonds have been, or will be, deposited, all investments made with the funds in the account, and all proceeds thereof.
- (B) That certain Easement, by and between the U.S. Department of the Army as Grantor and Sulphur Springs Valley Electric Cooperative, Inc. as Grantee, over, across, in and upon certain lands located on the Fort Huachuca Military Reservation in Cochise County, Arizona, for the construction, operation, maintenance, repair and replacement of substations for electric power transmission lines and lines for electric power and transmission and distribution, including all right, title and interest in and to all appurtenances located thereon and memorialized in Docket Number 071033177, records of the Cochise County Recorder on 10/12/2007.